

our industry
in 2018



built on solid
foundations.

Construction was a mixed bag in 2017, which after a steady start entered a technical recession before emerging to start the New Year with its head above water. The main reason for this sluggishness was the continuing uncertainty surrounding Brexit as employers waited to see what Britain's relationship with the European Union will look like post-2019.

Most eyes were on the City of London to see if workers would leave for either Paris or Frankfurt but the real barometer of the impact of leaving the EU is construction and in 2017 companies were effectively treading water and refused to commit to projects until a deal is struck.

In that environment you may expect sentiment to be running low in 2018 but as our survey shows, employers have bullish hiring expectations and more than two thirds predict better business conditions.

Reasons to be optimistic include strong house building, which ended the year on a positive note, and the promise of major infrastructure projects like High Speed 2 - which moved a step forward - and the mooted expansion of Heathrow Airport - which was again kicked into the long grass - creating tens of thousands of jobs.

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While many of the causes of these challenges are out employers' control, remedies for them are not and hiring managers should prioritise retaining workers while working harder to attract women and younger workers for a more sustainable workforce.

Looking forward, there are approximately 30,000 vacancies in the construction sector and key to filling those roles will be the salary that is on offer. Our guide shows the pay scales employers need to know to attract and retain the best talent.

Owen Goodhead
Managing Director, Randstad CPE

the year that was and

the year that could be.

Challenges facing UK construction in 2017 were largely brought about by politics, limited productivity and employees. Uncertainty around Brexit continued, output dipped and skills gaps developed across the sector. Questions on everyone's lips about the UK's economic recovery, whether major firms will remain and how businesses will be affected by a perceived shortage of skilled talent from the EU have all been raised.

However, our own research in Q4 2017 to 808 construction, property and engineering firms in the UK paints a different picture:

over **two thirds** were satisfied that they would secure the investment for new hires in 2018.

68%

of businesses are confident economic conditions will improve in 2018

62%

are planning on hiring more staff

numbers doing the talking

a vote of confidence.

Much of the construction industry so far seems immune to the Brexit fallout as confidence in the market bounced back after project outputs stalled in 2016. More than a third (38%) of businesses expect there to be a growth in salaries in the coming six months. This coupled with the fact that 42% of businesses will hire more permanent staff in 2018 shows a buoyant industry as we enter the new year.

finding candidates with confidence

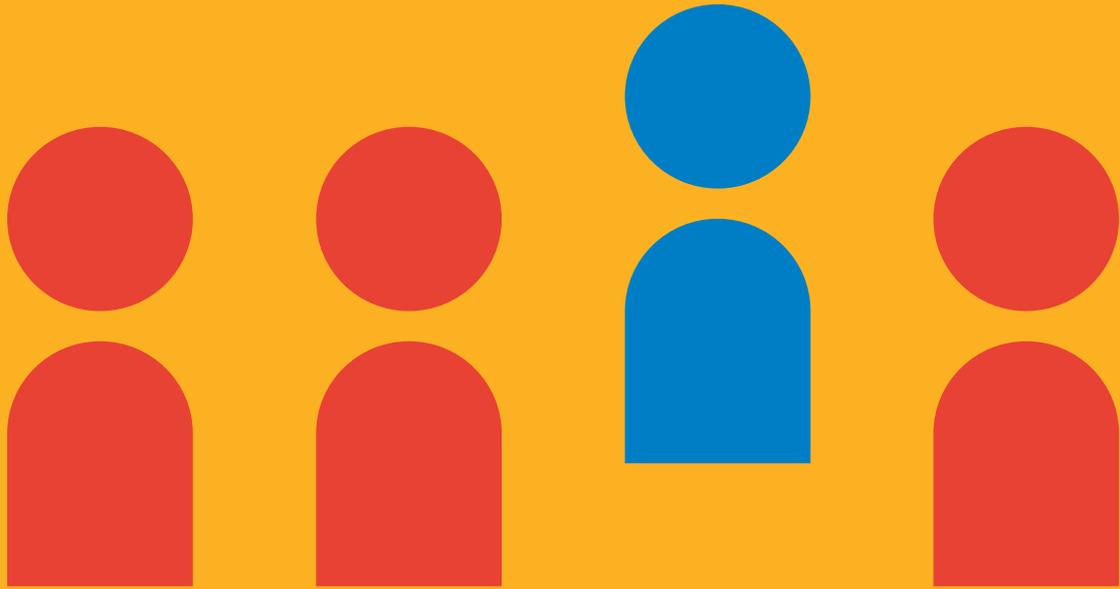
confidence in investment by sector

residential	80%
build	70%
fit out	76%
rail	72%

Businesses more focused on temporary workers said that 90% of these temp contracts will be will be full-time in 2018. These statistics highlight the confidence the industry has in securing investment for new workers.

there's strength in numbers

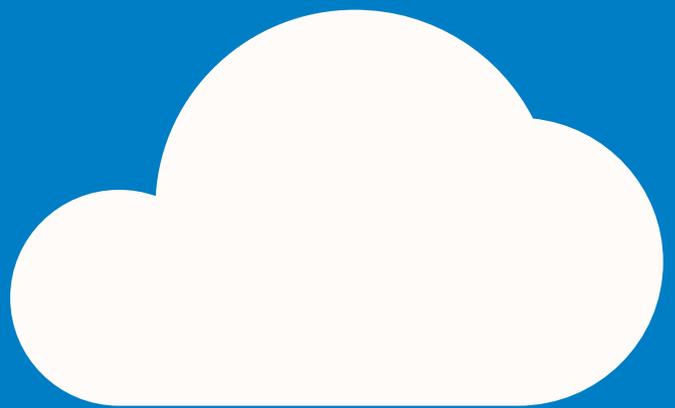
According to our research, multinationals are more focussed on permanent staff, staff, reflecting their increased confidence in the market. The sentiment is not shared by all small to medium enterprises and only one quarter of small/medium businesses are confident about 2018. However; large businesses have expressed concern regarding a barrier between recruiting and attaining the appropriately skilled candidates for their vacancies.



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heavy businesses say
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building a
bridge

across the
skills gap.



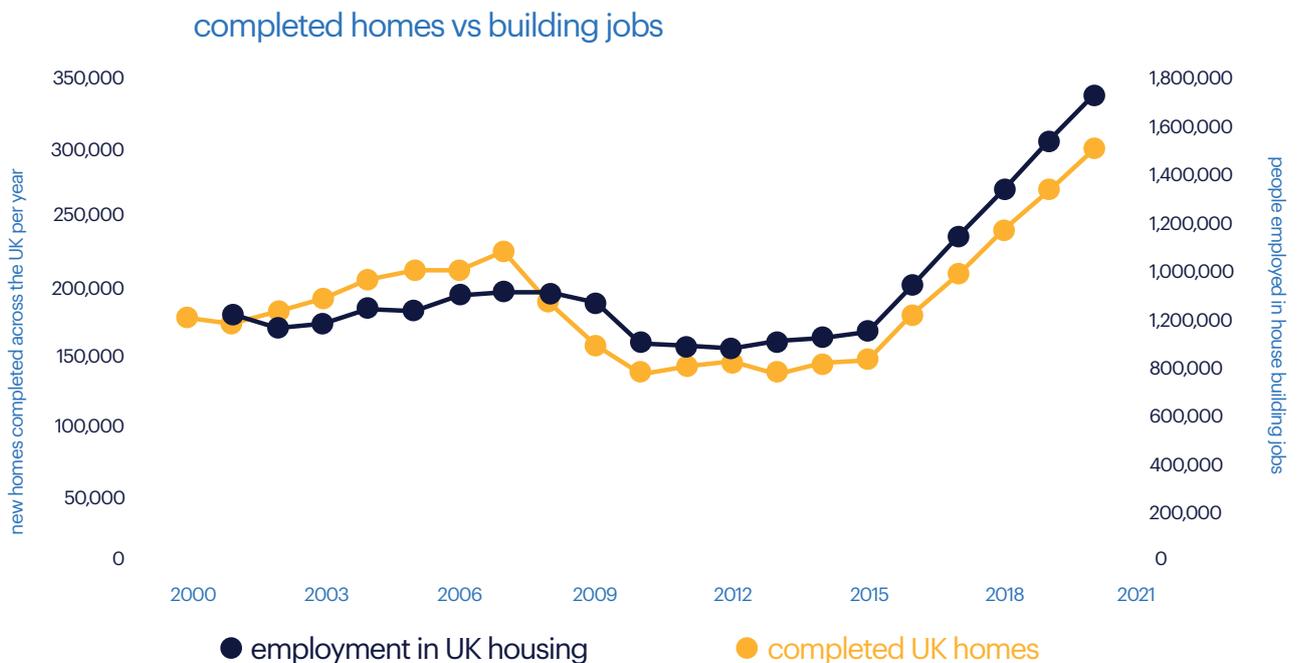
the house building skills gap

Seven in ten organisations claim that access to the right talent will be an obstacle to filling their permanent vacancies next year.

Randstad's Age of Housebuilding report, published in Q2 2016, highlighted the need to find 1.98 million house builders to meet the government's target of 300,000 new homes every year to 2020.

what does this mean for 2018?

Ambitious housing targets mean there is an abundance of work, although it appears businesses are focused on finding the right candidate for roles. With a growing population, workers will be required to build an increasing number of homes and employers are growing more concerned about whether staff will have the right skills for the job.



mind the gap

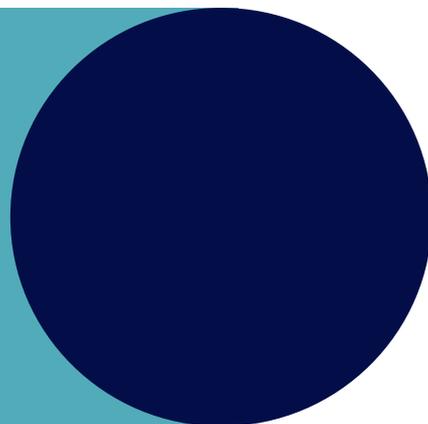
More than two thirds of organisations in the industry see both the skills gap and a lack of skilled talent as a key challenge in keeping their workforce complete.

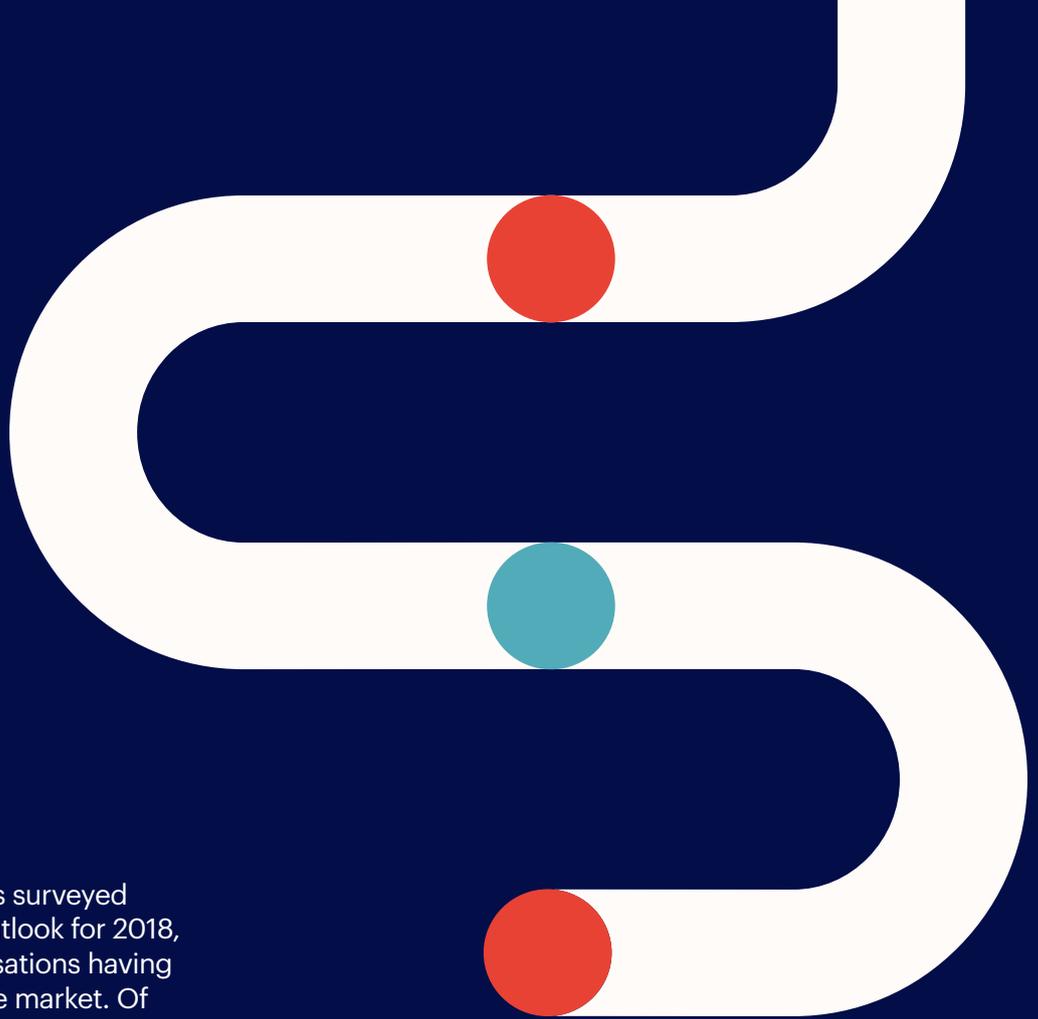
This skills gap could be as much related to new people entering the 'conveyor belt' of the workforce as a problem about staff retention. There is a far greater number of unskilled workers entering the industry than there are skilled ones. This creates a huge gap in the middle of the labour force as large amounts of workers accumulate at the bottom of the ladder whilst lacking the skills to progress. To make matters worse, our 'Breaking Down the Walls' report highlighted that just under a quarter of the UK construction workforce were considering leaving the industry, due to mental health conditions, putting the need to bring new workers in at an even higher focus.

future proofing the next generation

Although big businesses appear to be suffering more in the battle for talent, there are steps that can, and have already been taken to introduce some more skill sets into the workforce. To address the shortage of talent, the Chancellor has indicated in his winter budget that £64million will go into construction skills training such as bricklaying and plastering. This is to both train the next generation of builders and tackle the low staff retention levels. Employers should consider the long term and make sure their staff are provided with the resources to develop their careers. The encouragement of STEM related career paths is also something that can start at school and college. This structure, along with apprenticeships for the future generation is something that could be an enormous aid in preventing the skills gap from widening further.

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does size matter?

The size of the companies surveyed had an impact on their outlook for 2018, with 53% of larger organisations having a strong confidence in the market. Of the smaller organisations questioned, just half that (24%) possessed this same confidence.

However, SMEs actually felt more confident in the candidate selection process, with 40% suggesting they can find the appropriately skilled workers for their roles. This compares to the 25% of larger companies who felt getting the staff needed was a challenge. Furthermore, 67% of large organisations believe the skills gap is causing a staffing crisis (just 55% of SMEs had this view), which is creating competition amongst bigger businesses. Large companies said they were 34% more likely to have their candidates poached by a competitor, and less likely (24%) to get direct applications to positions. The figures for SMEs were 55% and 30% respectively.

the talent hunt is on

UK unemployment is at a record low, which means employers need to consider what it takes to win the war for talent. One in three multinationals stated that losing talent to a competitor was a key challenge in filling their vacancies, as opposed to 22% of SMEs, highlighting that there are different types of candidates: some who prefer working for smaller and more close-knit organisations and others that prefer the larger companies. However, firms must know their strengths and focus on the key selling points of their employer brand, regardless of their size, and consider this when trying to attract the best talent.

what makes a difference

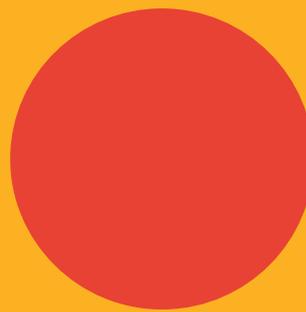
during a skills shortage.

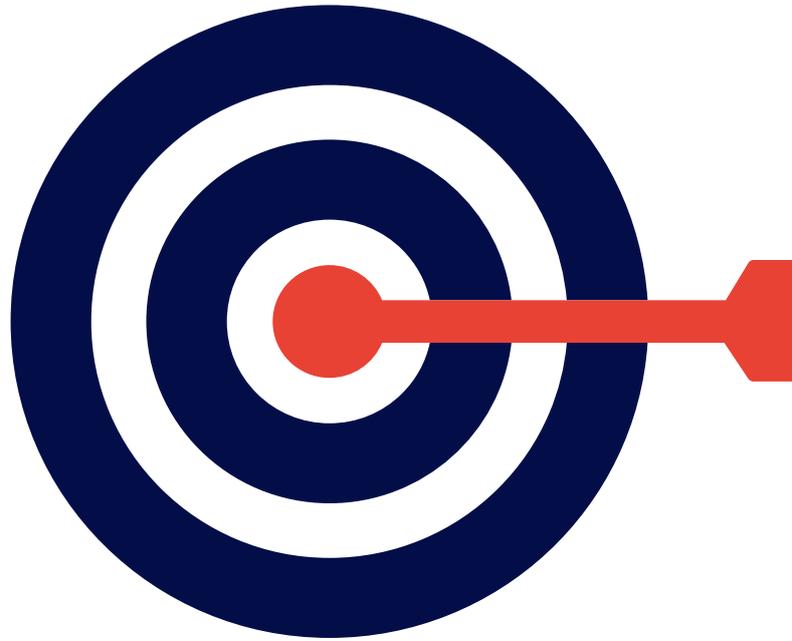
Businesses are also concerned that competitor rivalry is a big challenge in attracting new talent in 2018. 17% said that local companies posed significant challenges to their hiring intentions.

Businesses will need to think about all the aspects workers consider when looking for a new role in order to make their organisation more attractive. Salary is still the number one factor people look for in a new role. Salaries in construction increased in 2017, and 38% feel they will continue to increase into 2018. Only 2% of those asked believed salaries will decrease in 2018.

In an industry where salary competition is intense, there could be a number of different factors that make the difference for a new worker. Of the 5,000 people surveyed in

Randstad's Employer Brand Research 2017, a combination of salary and benefits was the number one reason for adults to remain in their job. Considering a flexible work/life balance and generous benefits package could be a big help to an employer wanting to stand apart from competition.





top 5 talent attractors

What is most desirable for a candidate when seeking a new job?

1. salary
2. work-life balance
3. job security
4. work atmosphere
5. career progression



return of the confident

Despite the ongoing uncertainties around Brexit, market confidence has returned. The construction industry seems to have shaken off many of the concerns surrounding the departure from the EU and is still actively hiring, unlike other industry sectors who have been holding off on key staffing decisions. If employers are smart and make the right decisions about long-term staff retention and candidate attraction, then there's the chance the construction industry can emerge from the referendum result robust.

what the next 6 months looks like

Residential: 70%

Architecture & design: 80%

planning on hiring in next 6 months

money talks.

With the return of market confidence and with business looking to expand their workforce, dig your teeth into what the average salaries are across the UK for key industry roles.

	site engineer	quantity surveyor	facilities manager	project manager
Scotland	£39,000	£45,000	£30,957	£47,500
North East	£36,000	£42,000	£35,000	£50,000
North West	£38,500	£48,500	£32,500	£55,000
Yorkshire & Humber	£39,000	£40,000	£31,000	£48,000
East Midlands	£37,000	£44,500	£40,000	£47,000
West Midlands	£36,500	£52,750	£40,000	£49,500
East Anglia	£35,500	£45,000	£31,500	£47,500
South East	£39,000	£48,000	£30,000	£52,500
South West	£38,000	£43,000	£30,000	£45,000
London	£41,500	£55,000	£45,000	£55,000
UK average	£38,000	£46,375	£34,596	£49,700

	labourer	groundworker	carpenter/joiner	handyman	telehandler
Scotland	£11.40	£14.00	18.00	£14.00	£15.00
North East	£11.00	£13.50	£17.50	£14.50	£15.00
North West	£10.00	£13.50	£17.00	£13.50	£15.00
Yorkshire & Humber	£10.95	£13.00	£17.50	£13.00	£14.50
East Midlands	£11.50	£13.00	£17.50	£14.00	£15.50
West Midlands	£11.50	£12.00	£16.50	£13.50	£15.50
East Anglia	£12.00	£12.50	£18.50	£14.50	£16.00
South East	£11.35	£16.00	£19.00	£15.95	£16.50
South West	£11.50	£14.00	£19.50	£15.95	£16.50
London	£12.50	£16.00	£19.50	£16.00	£16.50
UK average	£11.37	£13.70	£18.05	£14.49	£15.60

london

assistant site engineer £32,000	site engineer £41,500	senior site engineer £45,000
assistant site manager £40,000	site manager £50,000	senior site manager £58,000
assistant quantity surveyor £40,000	quantity surveyor £55,000	senior quantity surveyor £70,000
Assistant project manager £45,000	project manager £55,000	senior project manager £75,000





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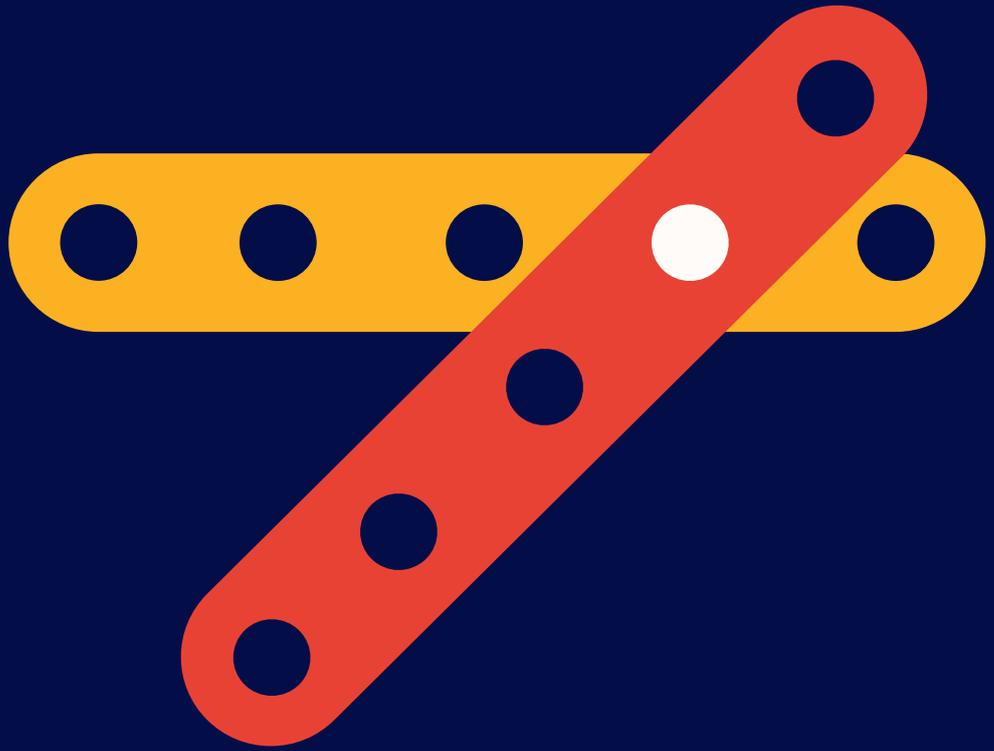
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