SKILLS TO BUILD

Fixing Britain's construction workforce crisis

November 2025




CSJ The Centre for Social Justice

Contents

About the CSJ

Established in 2004, the Centre for Social Justice (CSJ) is an independent think-tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions.

The CSJ's vision is to give people in the United Kingdom (UK) who are experiencing the worst multiple disadvantages and injustice every possible opportunity to reach their full potential. The majority of the CSJ's work is organised around five 'pathways to poverty', first identified in our ground-breaking 2007 report, *Breakthrough Britain*. These are: educational failure; family breakdown; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in government thinking and policy. For instance, in March 2013, the CSJ report *It Happens Here* shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the government passed the *Modern Slavery Act 2015*, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

Our research is informed by experts including prominent academics, practitioners and policymakers. We also draw upon our CSJ Alliance, a unique group of charities, social enterprises, and other grassroots organisations that have a proven track-record of reversing social breakdown across the UK.

The social challenges facing Britain remain serious. In 2025 and beyond, we will continue to advance the cause of social justice so that more people can continue to fulfil their potential.

Acknowledgements

We are grateful to the individuals and organisations who have generously given of their time and experience during our research.

In particular, we would like to thank young people and staff at the CSJ Alliance charities, Building Futures Together, and St Edmunds Society, for taking part in a roundtable to discuss barriers that young people face when starting careers in construction.

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We are grateful to the Wates Family Enterprise Trust for their long-standing support of the CSJ's housing and communities workstream.

Wates Family
ENTERPRISE TRUST

We would like to thank Thakeham for their support which made this report possible. We are grateful to members of the Thakeham team who shared their expertise with the CSJ, making a vital contribution to the findings of this report.

THAKEHAM

Foreword

The construction industry is the foundation on which the government's housing and infrastructure ambitions depend. Of critical importance are the people who make up that industry: the bricklayers and carpenters, electricians and plumbers, groundworkers, scaffolders and many more whose labour produces the homes, workplaces and infrastructure we all depend on.

Britain's prosperity depends on its construction workforce, yet we lack workers by the thousands. This report by the CSJ shows the scale of the problem. We need nearly 48,000 extra workers every year to meet projected construction output. We'll need thousands more to build our ambitious target of 1.5 million homes.

The government has made a historic investment in the next generation of construction workers, investing £625 million this year in plugging the skills gap. But *Skills to Build* shows the scale of this problem, and the big shift required to fix it.

This begins with a cultural change. First, we need to appreciate the value and dignity of work in industries like construction. For too long Britain has undervalued the contribution of construction workers to our society and economy. Our education system prioritises university, to the detriment of vocational and technical training. Over-dependence on migration has resulted in decades of under-investment in skills and training, and we have allowed exploitative practices to proliferate – construction is one of the sectors most at risk of modern slavery.

Secondly, we need to recognise the basic problem. We have the people; they just lack the opportunities to thrive. Only 21 per cent of construction firms employ an apprentice and nearly 10,000 learners in construction related courses become unemployed after leaving college each year, demonstrating that we need a much more coordinated approach between government, colleges and the industry.

I welcome this report by the CSJ which considers the action needed to tackle our construction skills shortage. This includes an ambitious partnership with construction employers through a Future Workforce Credit to train the next generation of apprentices. Thousands of working-class young people, especially boys, could have their life chances transformed through a rewarding career in construction if we get this right.

The government wants to 'build, baby, build.' To do so we need workers, workers, workers, and this report shows how we can get them. I urge the government to consider the CSJ's recommendations and release the potential of Britain's builders.

Jonathan Hinder MP
Labour MP for Pendle and Clitheroe

Foreword

For over 125 years of business, Wates has helped to build Britain's homes, workplaces, schools, and hospitals. Throughout that time, we have always understood that our business depends on the skill, dedication and professionalism of our workforce; the builders who construct the places we are proud to leave behind.

Without skilled workers, our business cannot function. Without businesses like ours, the government cannot build the homes and infrastructure essential for economic growth.

This report by the CSJ is a critical contribution to the government's mission to build 1.5 million new homes. It outlines 26 recommendations which would address the root causes as to why the construction industry is facing a severe workforce crisis. It provides a roadmap for recruiting the next generation of builders - the carpenters, roofers, bricklayers and plumbers who are essential to our nation's future prosperity.

This report is a challenge to the government, industry and education. It calls on the government to resolve the historic causes of uncertainty and volatility in construction, including ambitious planning reform, to give businesses across the industry the confidence to invest in the next generation. For the construction sector, it challenges us to create opportunities for apprenticeships and training, particularly for the growing number of college leavers who graduate education for unemployment. For educators, it outlines an ambitious set of reforms to ensure learners leave college ready for construction careers, with both the technical skills and work readiness employers need.

At Wates we are passionate about being part of the solution. Through our commitment to social value, we are focusing on creating opportunities for those furthest from the workplace. Our business is expanding opportunities to support economically inactive young people into work, and over the last few years, we have built an employment pathway for ex-prisoners.

We are ready to play our part in addressing the construction workforce crisis, and I know colleagues across the industry share this commitment to making a positive difference and leaving a lasting legacy. But for this to succeed, government must back the industry with the certainty we need to invest in the next generation. Our young people deserve the opportunity, and our country's economic growth depends on it.

Timothy Wates
Trustee, Wates Family Enterprise Trust

Executive Summary

Britain needs more builders – and fast.

To build 1.5 million homes, upgrade the existing housing stock, and begin work on a new generation of national infrastructure, the construction industry will need to recruit hundreds of thousands of new entrants. Building 1.5 million new homes alone, a manifesto commitment, will require an additional 161,000 workers – rising to over 239,000 once factoring in wider projected demand by 2030.[1] Some forecasters put the true figure at one million.[2]

This scale of recruitment is unprecedented and will be a monumental challenge for the construction industry. Skills shortages already cripple the sector, and thousands of workers are on the cusp of retiring. Yet, our nation's future economic growth depends on it.

Analysis by the CSJ shows that the proportion of workers aged 65 and over in construction has tripled since 2008, with over one in three workers now over the age of 50, compared to just over one in four at the time of the 2008 financial crisis.[3] By 2050, the average age of a construction worker is projected to hit 46.4.[4] An older generation is keeping Britain building.

As the workforce has aged, younger entrants have dwindled in number. There are two fifths fewer 16–24-year-olds working in construction than there were in 2008, a fall of over 150,000. Since the Covid-19 pandemic, there are over 30,000 fewer 16–24-year-olds in the industry [5]

As the workforce has aged, it has also contracted sharply. Construction employment has fallen to its lowest proportion of total UK employment in over 100 years, since the decades preceding and following the Great Depression.[6] There are over half a million fewer construction workers today than at the time of the global financial crisis in 2008, and over a quarter of a million fewer than before the Covid-19 pandemic and Brexit.[7] The workforce has concurrently aged and diminished in size, a phenomenon described as a "destructive 'hollowing out'" that has led to declining structural resilience.[8]

At the same time, the construction industry has been slow to adopt new technologies and innovate. In a recent government survey, construction was just one of two industries where fewer than half of businesses (47 per cent) had adopted innovative technologies like artificial intelligence (AI).[9] Without greater automation and productivity advances, the industry will be unable to meet the demands of our time.

Previous governments have turned to immigration to plug gaps in the construction workforce, a method which for a time provided short-term relief, all the while contributing to the conditions driving long-term

1 Construction Industry Training Board (CITB), Written evidence (NTP0020) submitted to the House of Lords, New Towns: Practical Delivery Inquiry, May 2025; Construction Industry Training Board, The Construction Workforce Outlook: The United Kingdom, June 2025, p. 12.

2 Chartered Institute of Building (CIOB), Capacity constraints in construction: rethinking the business environment, October 2025, p. 24.

3 Centre for Social Justice (CSJ) analysis. Labour Force Survey (LFS) data 2025 Q3, 2008 Q3.

4 CITB, Written evidence (NTP0087) submitted to the House of Lords, New Towns: Practical Delivery Inquiry, July 2025.

5 CSJ analysis. LFS data 2025 Q3, 2019 Q3, 2008 Q3.

6 CSJ analysis. Office for National Statistics (ONS), EMP13: Employment by industry, August 2025; ONS, Long-term trends in UK employment: 1861 to 2018, April 2019.

7 CSJ analysis. ONS, EMP13: Employment by industry, August 2025.

8 Department for Education (DfE), 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 11.

9 Department for Science, Innovation and Technology, Insights from the UK innovation diffusion and adoption survey: executive summary, September 2025, p. 4.

workforce deterioration. Brexit and the Covid-19 pandemic saw recruitment from the European workforce become more challenging, leading some in the industry to call for a more flexible migration regime for construction workers. Our view is that the reliance on migration has contributed to a failure to tackle the root causes of the domestic construction workforce's long-term decline.

In this report we identify two overarching root causes of the construction skills crisis. Firstly, a dysfunctional industry labour model, defined as the processes and arrangements by which labour is sourced, organised and utilised to deliver work. Secondly, a broken education and training system which fails to equip learners with the skills they need to enter employment in the construction industry.

A dysfunctional labour model

The construction industry has been shaped by its cyclical operating environment, characterised by high levels of demand volatility. The construction industry tracks broader 'boom and bust' patterns in the economy so when downturns hit, firms lay off staff, and many individuals leave the sector permanently. This means the industry is prone to uncertainty and excessive levels of risk.

In response to its operating environment, the construction industry has developed a dysfunctional labour model. It neither develops skills effectively, nor ensures long-term workforce sustainability. The industry's labour model is geared towards short-term fluctuations in demand and minimising employer risk. This is a product of the volatility and cyclicality experienced by the industry.

These problems have accelerated in recent years, in particular for the housebuilding sector in London and the South East. Construction firm insolvencies were over a quarter (25.5 per cent) higher in 2024 than pre-pandemic levels in 2019.[10] New housing starts fell by 45.1 per cent from 2022 Q2 to 2025 Q2, whilst total new housing output fell by 17.5 per cent from 2022 Q3 to 2025 Q3.[11] Building regulations, high inflation and interest rates, planning delays, a lack of effective demand, and skills shortages have all contributed to a serious industry slump from around January 2023.

The product of market uncertainty is employer restraint when it comes to investing in the next generation of construction workers. Just over one in five (21 per cent) construction firms employ an apprentice, and 86 per cent of micro-businesses say they are unlikely to do so in the next year.[12]

To manage risk, many construction employers rely on self-employed agency labour or subcontracting arrangements. CSJ analysis of Labour Force Survey (LFS) data shows that 80 per cent of plasterers, 79 per cent of bricklayers, 78 per cent of painters and decorators and 76 per cent of floorers and wall tilers are self-employed.[13]

The prevalence of self-employment generates misaligned incentives that discourage investment in training. Employers avoid investing in upskilling their workforce when those workers can leave immediately for marginally better rates elsewhere, whilst workers understandably seek to gain skills at their current employer's expense before moving on.

The result is chronic underinvestment in workforce skills and training. The labour model benefits major firms who are able to manage their costs, and some workers who value the autonomy of self-employment,

10 CSJ analysis. The Insolvency Service, Company insolvencies: September 2025, October 2025.

11 CSJ analysis. ONS, Output in the construction industry, November 2025; MHCLG, Table 213: Housing Supply – indicators of new supply, England, 1978 Q1 to 2025 Q2, September 2025.

12 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.

13 CSJ analysis. LFS data 2025 Q3.

but it fails the next generation who lack the opportunities for apprenticeships, stable employment, training, and development.

The result is a broken pipeline from training to work. Just one in three construction learners in further education (FE) are estimated to find work in the industry quickly after finishing their training. In the last yearly data, this resulted in a lost 58,900 potential workers,[14] nearly 10,000 of whom are predicted to have become unemployed,[15] adding to the growing crisis of youth economic inactivity.

A broken education and training system

A dysfunctional labour model is compounded by a broken education and training system which fails to equip learners with the technical and employability skills they need to thrive. 85 per cent of construction firms struggling to recruit say this is due to a lack of required technical skills and competencies.[16] The effectiveness of construction training is reflected in the degree to which employers support and value it, and at present, they do not.

The problem begins in secondary school, where technical and vocational education has long been undervalued. Over one in three (36 per cent) 16–24-year-olds say that construction is not a respected career path,[17] and only one in ten schools entered at least one student into a construction technical award in 2024/25.[18]

Whilst construction apprenticeships remain the gold standard entry route into the industry, there are too few of them. Level two apprenticeships in trades like bricklaying, carpentry, groundwork and roofing have fallen in number by over one fifth in the last decade, whilst provision for graduate level courses has increased.[19] Estimates suggest that around three times the number of apprenticeship starts are needed to keep pace with demand.[20]

For the thousands of learners at college who are not able to find an apprenticeship, there is not a single college course at level two or above that meets industry standards for skilled worker accreditation.[21] The result is that many FE leavers remain in low skilled labouring work, without the opportunity to progress, or simply choose to leave the industry altogether. There are currently around 500,000 accredited labourers in the construction industry, but 85 per cent choose not to renew their accreditation after their site passes expire.[22] This represents a huge loss of potential talent.

14 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.

15 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5; CSJ analysis of data provided by the CITB.

16 CSJ analysis. The Department for Work and Pensions (DWP), DWP Employer Survey 2024, May 2025.

17 CIOB, Attitudes Towards Construction Careers, March 2025, p. 2.

18 DfE, Curriculum and Assessment Review: Analytical annex to the final report, November 2025, p. 19.

19 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

20 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.

21 Construction Skills Certification Scheme (CSCS) Group, Annual Review 2024, January 2025. Defined as occupational related non-competence qualifications.

22 CSCS Group, Validity of first CSCS Labourer Card reduced to two years, October 2024. Accessed: https://www.cscs.uk.com/news/validity-of-first-cscs-labourer-card-reduced-to-two-years/.

A plan to get Britain building

This report sets out 26 cross-government recommendations which would address the root causes of the construction skills shortage and make the changes necessary to significantly expand the workforce in the years and decades to come. Our core recommendations are below.

Transforming incentives

The government should transform incentives so that construction employers have the confidence to employ and train the next generation of apprentices and workers.

1. **The Department for Work and Pensions (DWP) should introduce a Future Workforce Credit**, combining existing incentives into a clear financial bonus for employers worth 30 per cent of an unemployed young person's salary.

   Our research shows that existing incentives to hire apprentices are largely ineffective, leading many construction employers to forego investing in the next generation. The Future Workforce Credit would provide a significant effective tax cut to employers hiring unemployed young people. It would be worth £4,417 for a construction apprentice, and £5,850 for a 19 year old working on the minimum wage.

   When employer payments of up to £3,000 per apprentice were made available during the Covid-19 pandemic, apprenticeship starts rose.[23] Targeted at industries like construction, the Future Workforce Credit will provide the necessary incentive for employers to hire the next generation of tradespeople.

2. **The Ministry of Housing, Communities and Local Government (MHCLG) should go further and faster on planning reform to get Britain building.** The construction skills shortage is downstream of the cyclicality and uncertainty of the industry's operating environment. The unpredictability of the planning system exemplifies this problem. 94 per cent of SME builders cite securing planning permission or discharging conditions as a major issue and barrier to growth.[24]

   Reforming the planning system to enable a long-term project pipeline across the construction industry would catalyse investment in skills by reducing uncertainty. The government should pass an ambitious *Planning and Infrastructure Bill* and resist attempts by lobby groups to water down proposals, particularly on environmental regulations.

   MHCLG should require local authorities to approve planning applications by default on brownfield sites when they comply with a locally adopted design code, so that the automatic answer to acceptable development is 'yes.' In the long-term, the government should replace England's discretionary planning system with a new zonal system, where proposals that meet clear rules would be guaranteed automatic planning permission.

23 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

24 Home Builders Federation (HBF), State of Play Report: Challenges and opportunities facing SME homebuilders, November 2025, p.8.

Overhauling education and training

The government should overhaul education and training, so that young people are given every opportunity to enter skilled employment in the construction industry.

1. **The Department for Education (DfE) should bring construction into secondary schools by introducing a new technical and vocational option at General Certificate of Secondary Education (GCSE) level.** Technical education has long lacked a parity of esteem with academic pathways, and this begins in secondary schools. In Aberdeenshire, where Foundation Apprenticeships for secondary school students are available in subjects like construction, the attainment gap has gone into reverse and nearly all (98.5 per cent) students move into positive destinations after school.[25]
2. **The DfE should fix the broken pipeline between college and work by overhauling the construction curriculum at post-16 level three and below.** Thousands of FE leavers finish construction courses each year and do not find employment in the industry. Planned reforms to the post-16 curriculum should give all construction learners the opportunity to become industry accredited as soon as possible, either during their course, or quickly after they complete it.
3. **In partnership with construction employers, the DfE, DWP and MHCLG should launch a nationwide 'earn as you train' campaign to upskill economically inactive people, and low-skill construction workers.** CSJ analysis shows that approximately 46,700 unemployed people have previous work experience in construction.[26] Utilising new funding for construction skills bootcamps, the government should develop a public campaign promoting opportunities to upskill whilst working in construction.

Ending reliance on migration by backing the next generation

The government should end the construction industry's historic dependence on migration by investing in the next generation of skilled workers.

1. **The Home Office should resist calls by some firms in the construction industry to relax immigration rules.** The industry's overreliance on migration has come at the cost of young people and apprenticeships. Going forward, employers must work alongside government to develop meaningful opportunities for the next generation of construction workers.
2. **The Home Office should re-introduce the Resident Labour Market Test** to require UK employers to advertise vacancies to domestic workers before offering them to applicants under a work visa scheme. This should also include workers who are self-employed.
3. **The DfE should launch an Australian style construction bursary to attract, support, and retain the next generation of construction apprentices.** This would tackle high drop-out rates among apprentices and reduce the financial barriers to completing training. The government should provide £5,000 to eligible full-time construction apprentices and fund this by scrapping apprenticeship spending on graduates.

25 Evidence provided to the CSJ by Aberdeenshire Council.

26 CSJ analysis. LFS data 2025 Q3.

Introduction

This report examines the root causes of the construction skills shortage and outlines 26 recommendations which would increase the number of skilled workers in the industry.

The government has set an ambitious target to build 1.5 million homes and a new generation of national infrastructure. These targets are welcome and urgently needed. Despite making good progress on reforming the planning system in its first year, the government must reckon with a shortage of skilled construction workers which threatens its building ambitions.

Unless the core reasons behind why the UK suffers from a persistent construction skills shortage are addressed, the government will struggle to deliver on its building ambitions.

Part One of this report addresses the dysfunctional labour model within the construction industry, which is the primary reason why the sector is unable to recruit and retain skilled workers. Part Two addresses a broken education and training system that fails to adequately prepare people for work in the construction industry.

The construction skills shortage is a challenge across the whole of the UK. This report therefore draws on UK-wide data wherever possible to provide a national picture of the issue. However, as education and skills policy are devolved matters, much of the analysis in Part Two focuses on England, where the report's policy recommendations are directed. Where data covering the UK or Great Britain (GB) are not available, we use English data.

Methodology

To understand the causes and symptoms of the construction skills shortage, and to identify practical recommendations to address it, we undertook a mixed-methods approach combining quantitative and qualitative analysis.

To assess employers' perceptions of the skills shortage, we analysed the Employer Skills Survey 2024, published by the DfE and the Employer Survey 2024, published by the DWP. We also conducted analysis of the LFS and relevant DfE datasets covering further education and apprenticeships, alongside other government data releases that are fully referenced in the body of the report.

LFS data used in this report are subject to known quality challenges due to declining survey response rates. The LFS remains unaccredited as an official statistic by the Office for Statistics Regulation (OSR).[27] Conclusions drawn from the LFS should therefore be treated with appropriate caution.

The report also draws on quantitative and qualitative analysis produced by stakeholder bodies, including trade associations and industry bodies. This includes responses to a public call for evidence.

Qualitative findings are informed by visits, roundtables and interviews with 68 expert organisations and individuals reflecting different sectors, roles, company sizes, and geographic areas.

27 Office for Statistics Regulation, Quality under challenge: Regulating statistics and data from the Labour Force Survey, December 2024. Accessed: https://osr.statistic-sauthority.gov.uk/blog/quality-under-challenge-regulating-statistics-and-data-from-the-labour-force-survey/.

Part One:

The construction industry

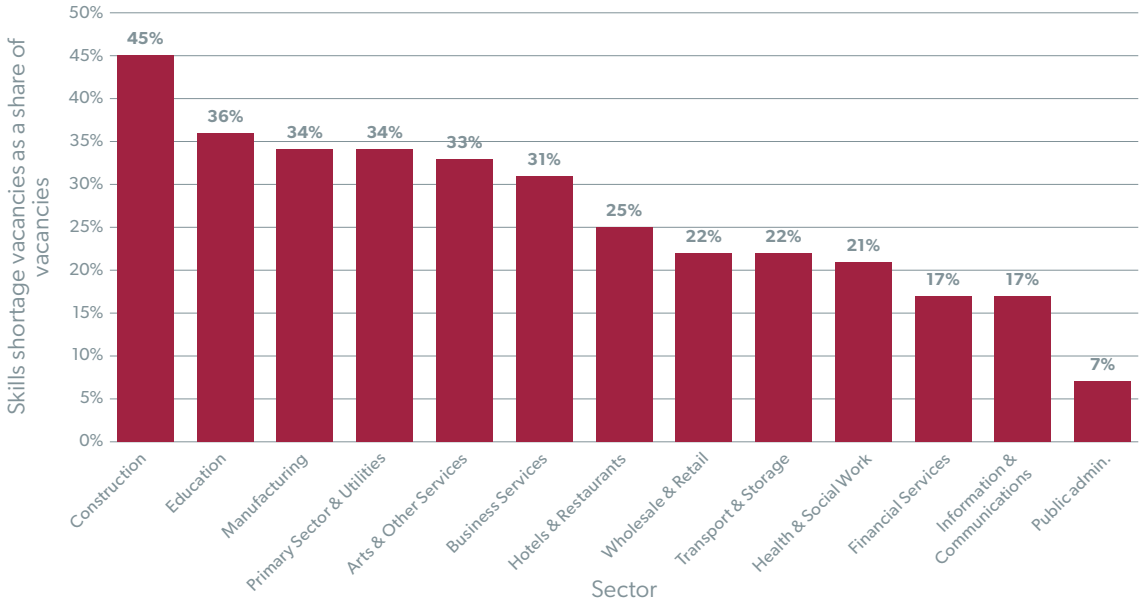
In Part One we consider how the construction skills shortage is primarily a product of the structure and commercial behaviours of the construction industry, chiefly its labour model.

Whilst industry practices could be improved to help tackle the construction skills shortage, the dysfunction of the industry is primarily a product of the environment in which it operates. This environment is constituted by high demand cyclicality, caused in part by an unpredictable planning process, and burdensome levels of regulation. Below we outline an overview of the construction skills shortage, the construction industry and how the industry's labour model operates.

1.1 Overview of the construction skills shortage

When compared to other sectors in the economy, the construction industry stands out as having a significant skills shortage problem. In 2024, 45 per cent of vacancies in construction were attributed to skills shortages. This means that positions were hard to fill due to a lack of skills, qualifications, or experience among applicants. This is much higher than the national average for all sectors of the economy, where 27 per cent of vacancies were attributed to skills shortages. Figure 1 shows the percentage of vacancies due to skills shortages across all sectors of the UK economy, with construction as the most effected industry.

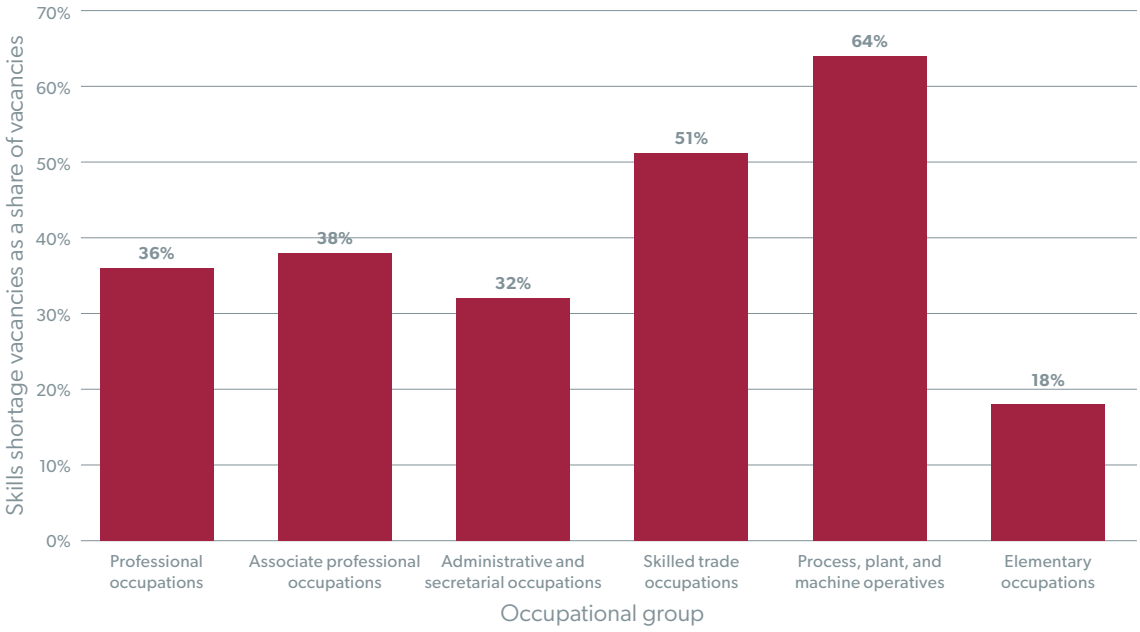
Figure 1: Percentage of vacancies due to skills shortages (UK)



Source: CSJ analysis. DfE, Employer Skills Survey: 2024, July 2025.

When the construction industry is broken down by occupational category, the specific skills challenge among site-based and manual occupations becomes clear. Construction employers have significant difficulty recruiting for skilled trades occupations (for example, bricklayers, roofers, plumbers and carpenters) and process plant and machine operatives (for example, crane drivers, scaffolders, and road construction operatives). Over two in three employers (64 per cent) report vacancies among process, plant and machine operatives as being a result of skills shortages. Figure 2 shows the percentage of vacancies in the construction industry, by occupation, that are attributed to skills shortages.

Figure 2: Percentage of vacancies in the construction industry due to skills shortages by occupation (UK)



Source: CSJ analysis. DfE, Employer Skills Survey: 2024, July 2025. Notes: no data for SOC2020 groups one, six, and seven.

Given the acute skills shortages within skilled trades and among process, plant, and machine operatives, this report is primarily concerned with increasing the supply of manual, site-based labour, rather than professional occupations.

As well as having the highest proportion of vacancies attributed to skills shortages in the economy, the construction industry lags others in training opportunities. Just under half (49 per cent) of construction employees received any training in the past 12 months, compared to 63 per cent of all employees.[28] Despite this, construction employers say that they are investing in training opportunities. 73 per cent of construction employers say they encourage their employees to upskill and 70 per cent say that they provide training courses for their employees.[29]

This apparent contradiction suggests that while employers recognise the importance of training, its reach, frequency, and quality may be limited. Given the high levels of self-employment in construction trades, training opportunities organised by employers are likely concentrated among non-site-based or non-trades roles. This helps explain the gap between employers' claims of investment in training and the ongoing reality of skills shortages across the industry.

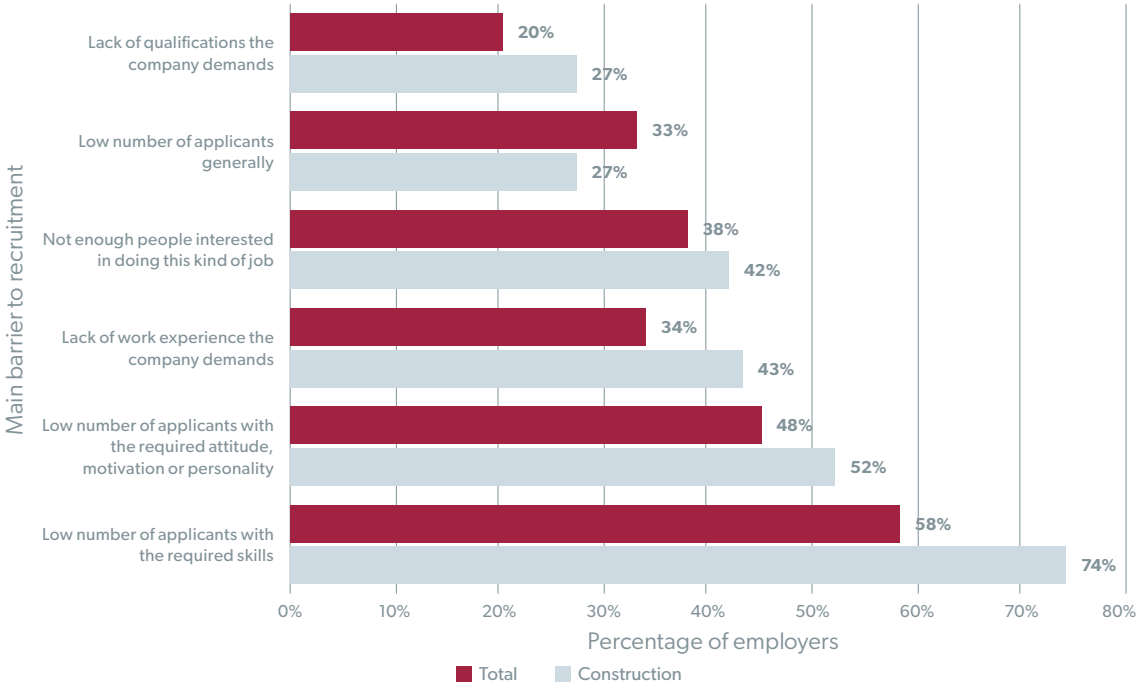
28 CSJ analysis. DfE, Employer Skills Survey 2024, July 2025.

29 CSJ analysis. Department for Work and Pensions (DWP), DWP Employer Survey 2024, May 2025.

The construction industry's failure to recruit is also worsening the skills shortage. In 2023/24, just over one in four (26 per cent) construction employers recruited staff, compared to 37 per cent of all firms.[30] 59 per cent of construction employers who had recruited said that there were instances when they had tried to recruit but had been unable to do so.[31]

When asked, construction employers who had recruited or tried to recruit in the previous 12 months were more likely to name a lack of required skills as a barrier to recruitment than the average employer. Nearly three in four construction employers (74 per cent) said a lack of required skills was a main barrier to recruitment. The next most significant barrier was a low number of applicants with the required attitude, motivation or personality. Over half of construction employers named this as a recruitment barrier, compared to under half of all employers.

Figure 3: Barriers to recruiting staff across all industries and construction (GB)



Source: CSJ analysis. DWP, DWP Employer Survey 2024, May 2025. Note: eight additional options were also available to employers.

Out of construction employers who said that a lack of skills is a reason for recruitment challenges, 85 per cent said that this was due to a lack of required technical skills or competencies.[32] This demonstrates that many job applicants in construction lack the necessary qualifications and skills that employers seek.

30 Ibid.
31 Ibid.
32 Ibid.

1.2 Overview of the construction industry

The construction industry is a critical pillar of the UK economy. In 2022 values, the gross value added (GVA) of construction to the UK economy was £141.7 billion in 2023, greater than that of Wales, Northern Ireland, the North East, and East Midlands across all industries.[33]

Within the government's 2025 industrial strategy, construction is listed as a foundational industry that is critical to meeting the ambition to kickstart economic growth.[34] Without a high-performing construction industry, the government will be unable to meet its housebuilding, infrastructure, and industrial ambitions.

The construction industry suffers from several systemic problems which threaten its capacity to meet demand in the years ahead. In 2016, the Construction Leadership Council published *The Farmer Review of the UK Construction Labour Model (The Farmer Review),* which gave a scathing critique of the construction industry, chiefly its labour model, meaning the way work and employment is structured. Farmer compared the industry to a "sick, or even dying patient."[35]

The Farmer Review's findings form the foundation for much of the analysis presented in Part One of this report. Many of the issues identified in 2016 remain unresolved, and the labour model itself is unchanged. The most recent review of the construction industry was the *2023 Industry Training Board (ITB) review* published in January 2025, also authored by Mark Farmer. The *ITB review* highlighted many of the same problems that were named in 2016, including low workforce resilience and skills shortages, a misalignment between training provision and industry needs, and low productivity.[36]

Especially alarming was the *ITB review's* conclusion that sector downturns have led to a "destructive hollowing out" of the construction workforce. The review stressed that this had resulted in construction employment falling to its lowest proportion of total UK employment in nearly 100 years.[37] As Figure 4 shows, this trend has only accelerated in the period since 2023, decreasing by a further 0.5 per cent since 2023. In July-September 2025, construction employment accounted for just six per cent of total UK employment, down from 6.5 per cent in July-September 2023. The number of people working in construction has fallen by 281,000 since July-September 2019, and by over half a million (529,000) since July-September 2008. In July-September 2008, the industry accounted for 8.7 per cent of total UK employment.

33 ONS, Regional gross value added (balanced) by industry: all ITL regions, April 2025.

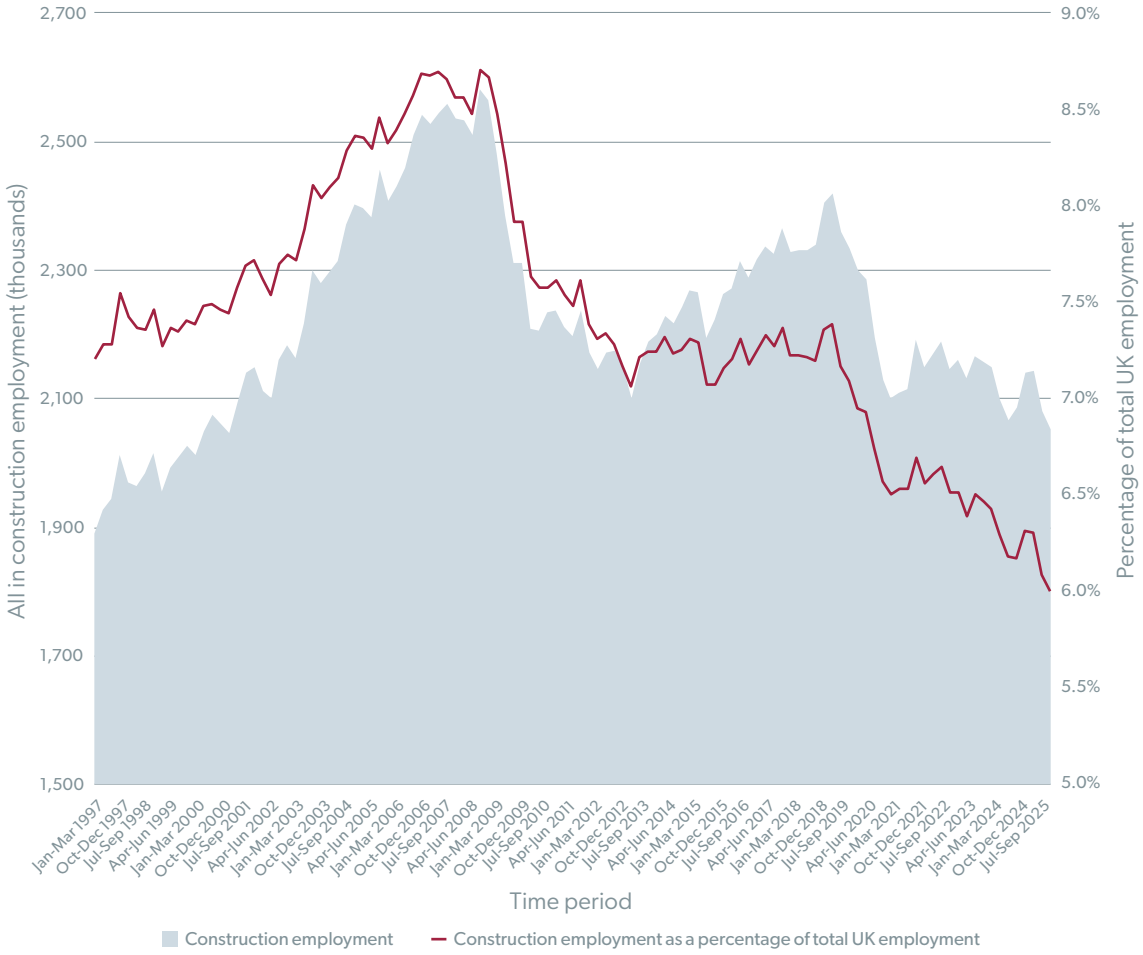
34 Department for Business and Trade (DBT), et al., The UK's Modern Industrial Strategy, June 2025, p. 44.

35 Construction Leadership Council (CLC), The Farmer Review of the UK Construction Labour Model: Modernise or die, October 2016, p. 6.

36 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, pp. 28-55.

37 Ibid, p. 11.

Figure 4: Construction employment (UK)



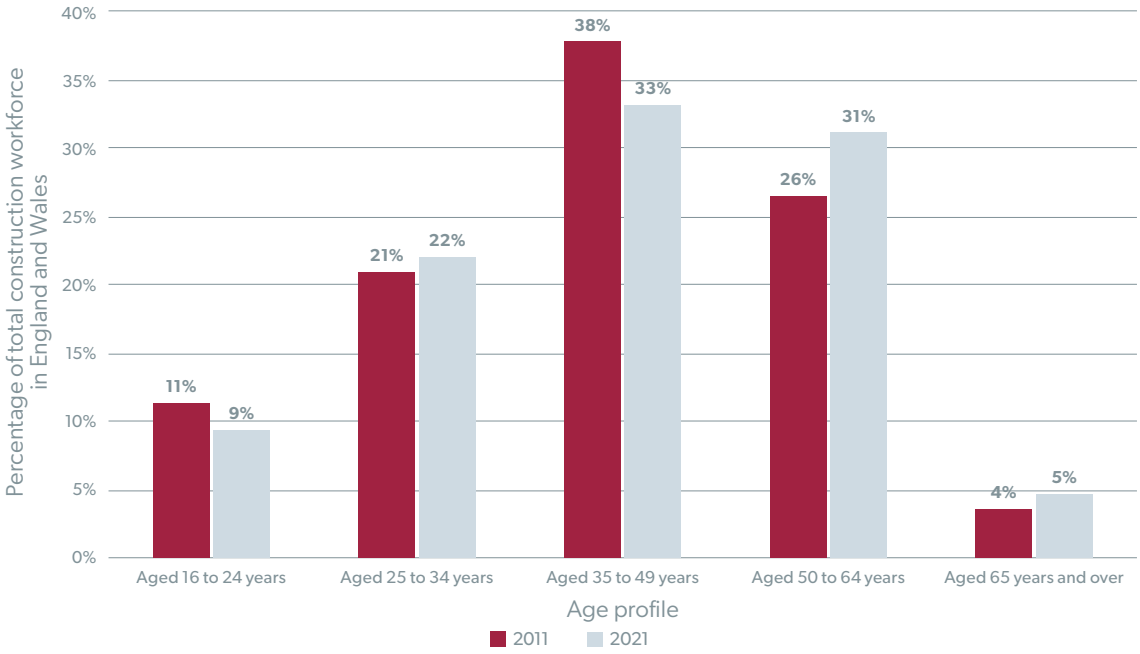
Source: CSJ analysis. ONS, EMP13: Employment by industry, November 2025.

The construction workforce peaked in July-September 2008, as the global financial crisis hit, and after collapsing in the following years, never recovered to its earlier level, despite the total workforce available in the UK increasing. Employment fell following Brexit in January 2020, and during the Covid-19 pandemic, and has not yet recovered to pre-pandemic levels. Rather, it continues to decline as the construction industry faces a challenging commercial environment. The *ITB review* highlighted the prospect that the industry's employment rebound in the next economic cycle could be even shallower, and accompanied by more workforce stress, than after 2008.[38]

As the workforce has contracted, it has also aged. Data from the 2021 Census shows that the vast majority of construction workers are now over the age of 35, with over one in three over the age of 50. Whilst over 50s made up 30 per cent of the industry in 2011, by 2021 this had increased to 36 per cent. The age profile of the construction workforce, from 2011 to 2021, can be seen below in Figure 5.

38 Ibid, p. 29.

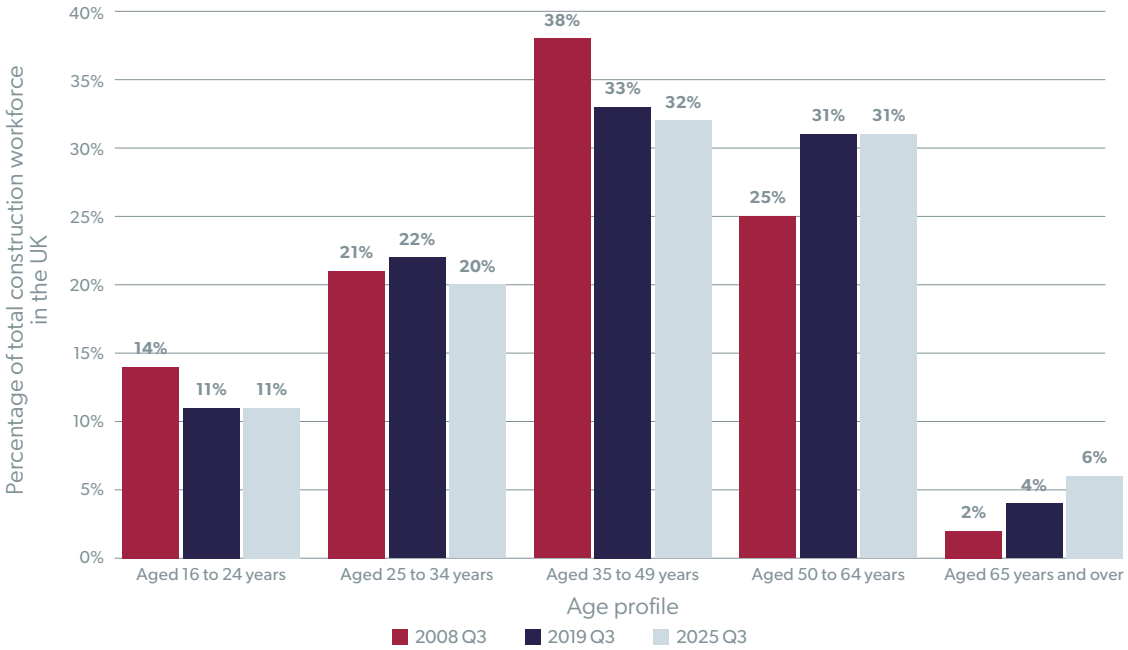
Figure 5: Age profile of construction workers (England and Wales)



Source: CSJ analysis. Census 2021 and Census 2011 data.

LFS data gives a more up-to-date picture of the age profile of the construction workforce, albeit with data quality issues. The LFS also allows us to compare the age profile of the workforce at more regular time intervals than the ten year census, in particular, at times when the workforce peaked before major contractions, like in 2008 and 2019. LFS data is aligned with census data, showing an increase over time in the proportion of workers over the age of 50, and a decline in younger workers aged between 16-34. Full data can be seen below in Figure 6.

Figure 6: Age profile of construction workers (UK)



Source: CSJ analysis. LFS data 2025 Q3, 2019 Q3, 2008 Q3.

In 2025 Q3, one in 17 (six per cent) construction workers were nearing or had reached retirement age, a tripling from just two per cent in 2008 Q3. Meanwhile, the proportion of 16–24-year-olds working in construction has fallen from 14 per cent to 11 per cent. In actual numbers, this is a decline of 155,750 16-24 years since 2008 Q3, and by 30,518 since 2019 Q3. The sector currently has 81,430 more workers aged 65 plus compared to 2008. By 2050, the average age of a construction worker is projected to hit 46.4.[39]

Data on overall employment and the age of the workforce reveals deep structural problems across the industry, particularly in the sector's ability to recruit younger entrants. Although employers consistently highlight the lack of skilled workers as a major challenge, the industry's own operating models, practices, and structures are fuelling and worsening the problem, by underinvesting in the next generation.

Below we describe the cyclicality of the construction industry through several metrics, including construction output, housing starts and completions, brick deliveries, and job vacancies.

The construction industry is prone to high demand cyclicality. This means that demand for the industry's services is dependent on broader 'boom and bust' cycles within the economy as a whole. As the economy grows, demand increases, and vice versa. This cyclicality is particularly pronounced in the private housebuilding market, where demand for new homes increases as household incomes rise.

The cyclicality of the construction industry can be seen in several metrics. In Figure 4, we see how employment expands and contracts during periods of economic growth and downturn, respectively. Figure 7 illustrates the expansion and contraction of the construction industry from 1997 to 2025 measured in total output. At times of economic contraction, most notably the 2008 global financial crisis and 2020 Covid-19 pandemic, the industry's output falls. Figure 7 shows volume trends over time (removing the effect of inflation) for all work, all new work and all repair and maintenance (R&M).

39 CITB, Written evidence (NTP0087) submitted to the House of Lords, New Towns: Practical Delivery Inquiry, July 2025.

Figure 7: Construction output across all work, all new work, and all R&M (volume, seasonally adjusted, index numbers, 2023 = 100 [GB])

Source: CSJ analysis. ONS, Output in the construction industry, November 2025.

Despite a fall in total employment, construction output has continued to grow, an increase of 17 per cent from January-March 2008, when output peaked before the 2008 financial crisis, to July-September 2025. By output measures, the industry has managed to produce more than at its 2008 high point, even with a much smaller workforce. On the surface, this might suggest gains in productivity. However, evidence collected by the *ITB review* raise serious doubts that this is the case.[40] The review argued that output rising faster than employment indicates that the industry has expanded beyond a sustainable limit, with the strain showing up in wage inflation and quality problems.[41]

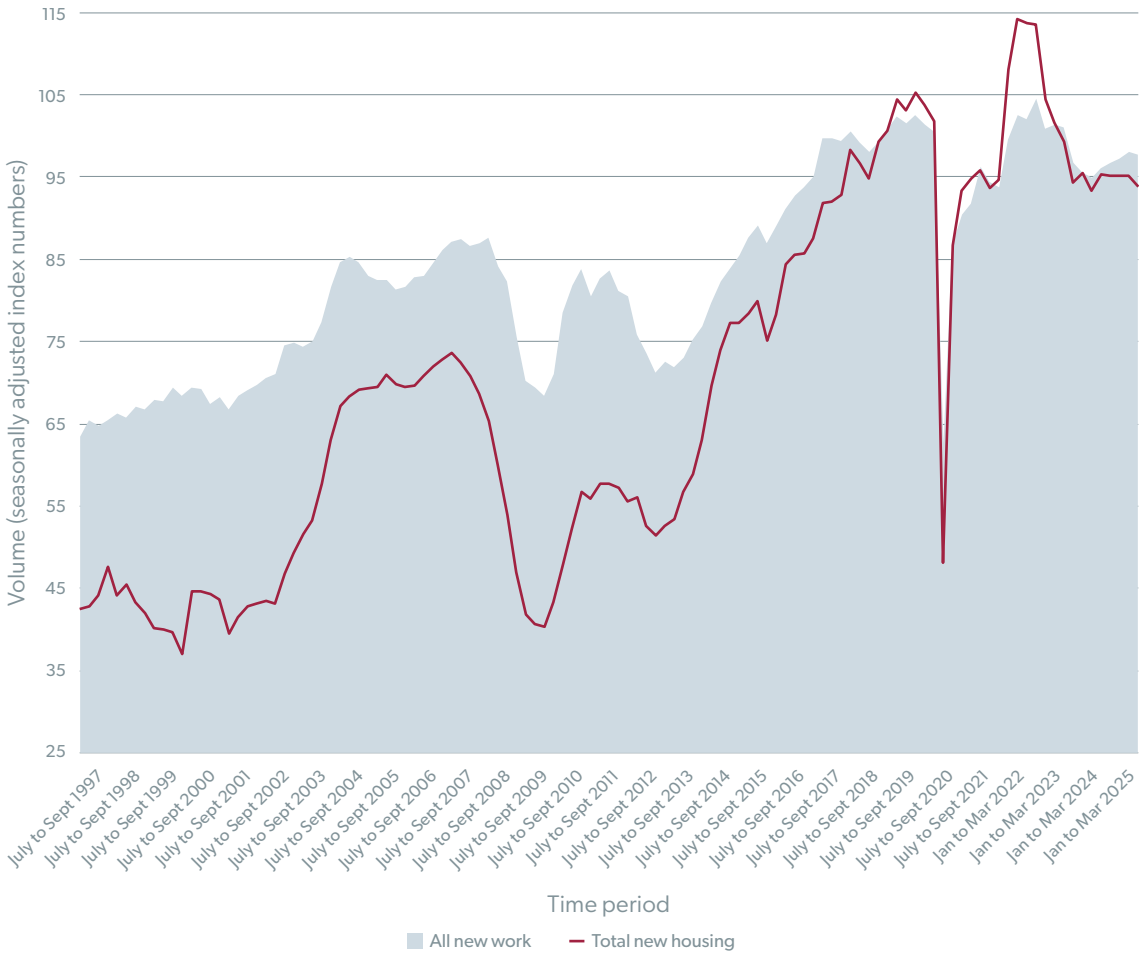
Breaking construction output down by type shows that recent expansion has been driven more by R&M growth than by new work. Figure 7 shows that especially since the Covid-19 pandemic, construction output growth has been largely driven by R&M output. In July-September 2025, all R&M output was 7.7 index points above all construction output. All new work was 4.7 index points lower than the industry as a whole.

Within all new work output, housebuilding has historically had lower output. Figures 7 and 8 illustrate that whilst total construction output has exceeded its pre-pandemic peak, all new work and new housing output

40 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, pp. 47-49.
41 Ibid, p. 35.

remain lower than before 2020. Despite an initial recovery in 2022/23, new housing output fell by 11 per cent from 2019 Q3 to 2025 Q3. Sluggish output in housebuilding reflects economic pressures faced by the sector and households in the years following the Covid-19 pandemic, including high interest rates and inflation.

Figure 8: All new work and total new housing output (volume, seasonally adjusted, index numbers, 2023 = 100 [GB])



Source: CSJ analysis. ONS, Output in the construction industry, November 2025.

Whilst organisations like Savills have reported a slight improvement in new home delivery amid planning reforms taking effect, significant barriers remain, which continue to hold back growth in the housebuilding sector. These include weak market conditions, planning delays (referenced by 80 per cent of developers as a key constraint), land availability and prices.[42]

In response to the CSJ's call for evidence, the Chartered Institute of Building (CIOB) referenced the volatility caused by the cyclical boom and bust nature of construction as one of the primary factors relating to the skills shortage. In a recent report, the CIOB state that the behaviour of the construction industry is "heavily defined by volatility, uncertainty, complexity and fragmentation," and that reducing volatility should be a primary policy objective.[43]

42 Savills, English Housing Supply Update Q2 2025, August 2025. Accessed: https://www.savills.co.uk/research_articles/229130/380149-0/.

43 CIOB, Capacity constraints in construction: rethinking the business environment, October 2025, pp. 4,6.

The Construction Industry Training Board (CITB) estimates that 61,000 additional workers are needed each year to meet the government's target of 1.5 million new homes.[44] However, this assumes that housebuilders are both willing and able to deliver at that scale. In reality, despite the government's ambitions, housing starts and completions are still below their pre-pandemic average, as shown in Figure 9. Despite being on an upward trend, relative weakness in activity makes labour demand increasingly uncertain and volatile. Broader uncertainty in the housing market also limits firms' willingness to invest in training, as future work pipelines are insecure. This creates a vicious cycle. Without effective demand translating into actual projects, the industry will not recruit or train workers, despite the substantial underlying need for construction activity across the country. This means the skills shortage cannot be addressed until demand volatility is reduced.

Figure 9: Permanent dwellings started and completed with pre-pandemic average (England)

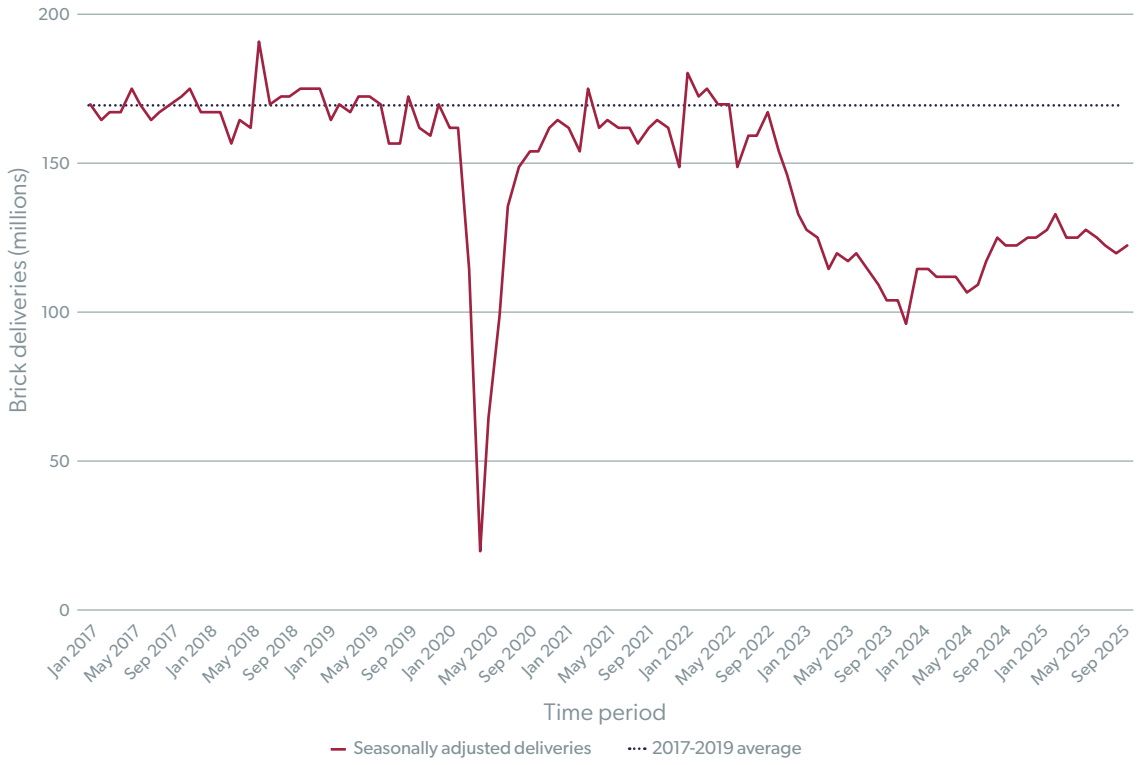
Source: CSJ analysis. MHCLG, Table 213: Housing Supply – indicators of new supply, England, 1978 Q1 to 2025 Q2, September 2025.

In addition to starts and completions, data on construction building materials provide a more up to date commentary on the confidence of the construction industry. In particular, brick deliveries are a useful proxy for the health of the housebuilding sector. In September 2025, 122 million bricks were delivered. Whilst there was a slight uptick from the preceding month, compared to September 2022, brick

44 BBC News, Thousands more construction workers needed to meet housing targets, August 2025. Accessed: https://www.bbc.co.uk/news/articles/cwy0nj1pz0go.

deliveries are down by 46 million. Compared to the pre-pandemic average of 169 million brick deliveries per month, deliveries have fallen by over a quarter (27.8 per cent).

Figure 10: Monthly brick deliveries (GB)



Source: CSJ analysis. DBT, Construction building materials: tables October 2025, November 2025.

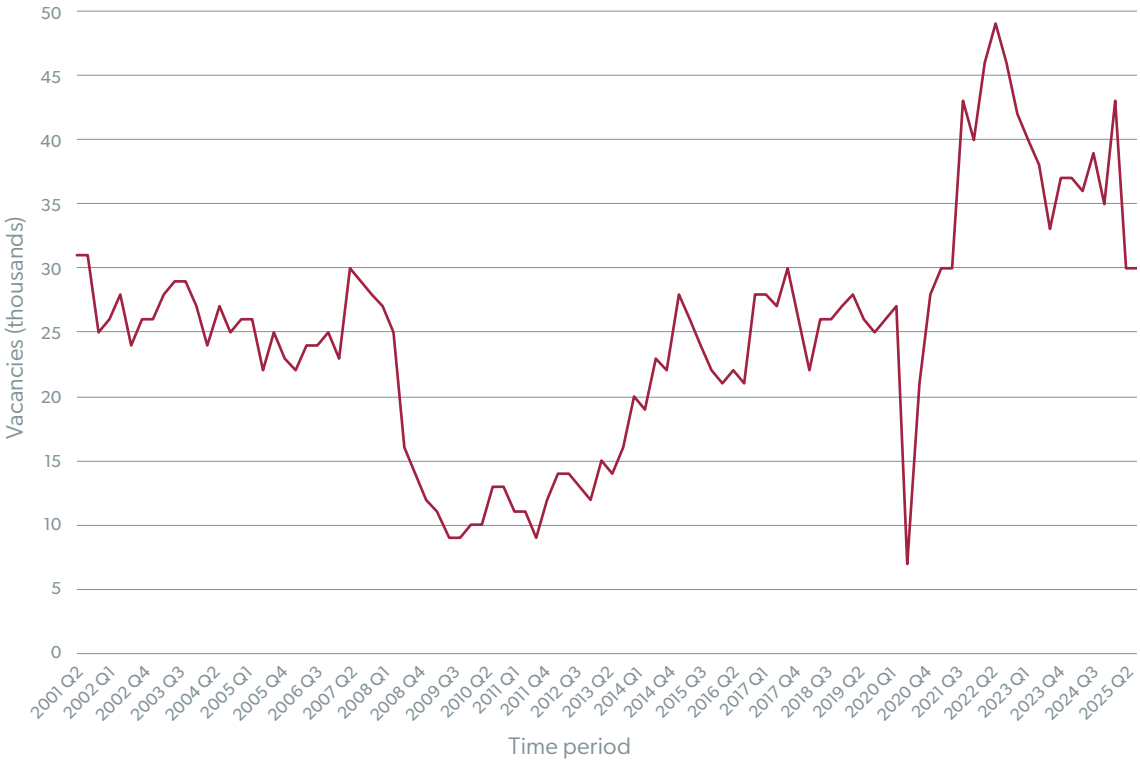
Noble Francis, Economics Director of the Construction Products Association, highlights that low brick deliveries, compared to pre-pandemic and peak post-pandemic recovery levels, represent a significant concern for the housing sector. He cites growing problems with site viability due to the costs of meeting government regulation, a slowdown in home buyer sentiment, demand and sales, and significant delays for developers waiting for approval from the Building Safety Regulator for high-rise building as reasons for subdued demand.[45]

Sluggish output and demand are now being reflected in construction industry vacancies. After the Covid-19 pandemic, construction vacancies hit a historic 21st century high as the economy recovered. A disproportionately high level of vacancies compared to the historic average was taken to evidence a skills shortage across the industry as firms struggled to recruit labour.

45 Noble Francis, LinkedIn post, October 2025. Accessed: https://www.linkedin.com/posts/fnoblefrancis_ukhousing-housing-ukhousingmarket-activity-7381222172331089920-qShT/.

There was a significant uptick in vacancies following the Covid-19 pandemic, rising from just seven thousand at the height of the pandemic in 2020 Q2 to 49,000 in 2022 Q2. However, since then, there has been a decline in construction vacancies as the industry's operating environment became more difficult. In 2025 Q3, there were over one third fewer (34.8 per cent) construction vacancies than in 2022 Q3, equating to around 16,000 fewer job opportunities.

Figure 11: Monthly construction job vacancies (UK)



Source: CSJ analysis. ONS, UK Job Vacancies (thousands) – Construction, November 2025.

The short to medium term prospects for the housebuilding sector appears challenging and uncertain, evidenced by sluggish demand for construction materials and a fall in vacancies. The September 2025 *UK Residential Market Survey* published by the Royal Institute of Chartered Surveyors (RICS) suggests that "the market backdrop is unlikely to change materially over the coming months." RICS find that the net balance of new buyer enquiries is down by 19 per cent, meaning more survey respondents are reporting a decline in buyer enquiries than an increase. This follows two months of negative buyer interest, signalling that a decline in market demand is becoming entrenched.[46] However, an uptick in new housing starts in 2025 Q2 signal that there could be a slight recovery over the course of the year, however much will depend on the impact of the 2025 Autumn Budget.

Sluggish housing output casts serious doubt on the government's ambition to build 1.5 million new homes by the end of the Parliament. There are few experts who continue to believe that the government will meet its ambition. Whilst long-term efforts to reform the planning system are welcome in addressing the historic barriers to building, the short to medium term outlook for housebuilding indicates that subdued demand and market uncertainty will continue due to a variety of factors ranging from the cost of meeting government regulation (for example, environmental obligations, section 106 requirements,

46 Royal Institute of Chartered Surveyors (RICS), UK Residential Market Survey, September 2025.

energy efficiency and building safety rules), macro-economic uncertainty, and low consumer confidence. This will limit the ability of government to significantly increase the rate of housebuilding in the near term, without major supply and demand side subsidies to stimulate the sector.

1.3 The construction industry labour model

The construction industry's operating environment is characterised by cyclicality and significant demand volatility. Construction activity closely mirrors broader macroeconomic cycles and, during economic contractions, firms respond by reducing the number of workers hired directly or indirectly. This prompts permanent workforce attrition as displaced workers seek employment elsewhere. The cyclical nature of construction employment results in persistent uncertainty for workers and a lack of employer investment in the workforce.

In response to these structural conditions, the construction industry has developed a labour model that prioritises short-term flexibility and risk mitigation over long-term workforce development. This model, whilst responsive to fluctuations in demand, and designed to minimise employer risk, is inadequate in developing skills or ensuring sustainable workforce numbers.

The prevailing labour model has resulted in chronic underinvestment in skills and training. Whilst this arrangement allows large firms to externalise training costs, and provides certain workers with employment autonomy, it disadvantages emerging talent by restricting access to apprenticeships, stable employment and structured development opportunities.

1.3.1 Subcontracting

One characteristic of the construction industry labour model is subcontracting. This is the practice whereby a business or contractor hires an external company or individual to carry out specific tasks. This means that on a major construction site, there are often multiple firms working on a single project.

RICS have traced the emergence of subcontracting through the 20th into the 21st century. In addition to risk caused by economic cyclicality, the introduction of the selective employment tax in 1966 (tax on firm's payrolls), is named as one of the key causes of the trend away from direct employment to subcontracting and self-employment. A desire among employers to reduce the risk of trade unionism in their workforce is also named as a cause of subcontracting.[47]

At its worst, subcontracting reduces risk for large contractors at the expense of smaller firms further down the supply chain. When the system fails, it can result in chaos across the industry. When major construction company Carillion collapsed in 2018, thousands of suppliers and subcontractors were left unpaid. Whilst the benefits of these arrangements were 'private' (Carillion benefitted from de-risking their business model), the downsides were 'public', with the government spending millions keeping essential services running, as well as protecting the pensions of workers via the Pension Protection Fund following the collapse.[48]

47 RICS, Subcontracting, April 2021, p. 11.

48 House of Commons Business, Energy and Industrial Strategy and Work and Pensions Committees, Carillion, May 2018, p. 3.

In addition to carrying huge risk for the state and smaller companies in the construction supply chain, subcontracting has led to accusations of 'free riding', whereby large contractors rely on smaller companies further down the supply chain to hire and train skilled labour.[49]

The *Farmer Review* identified 'structural fragmentation' in the construction sector as a symptom of failure and poor performance.[50] Within our call for evidence, subcontracting was named as a cause of the construction skills shortage. The CITB state that the decline in trade apprenticeships correlates to the growth in labour-only subcontracting and agency work within the construction industry.[51]

> *"Many large contractors rely on temporary workers and subcontractors instead of directly employing and upskilling their workforce, leading to no long-term investment in skills development."*
>
> *"The current system disincentivises direct employment for developers and tier one contractors, so that the main responsibility and risk for recruitment and training falls on the supply chain."*
>
> **Respondents to CSJ Call for Evidence**

Data collected by the Home Builders Federation (HBF) of over 14,000 participants in 2023 shows the extent of subcontracting within the construction industry, in particular for site-based trades. In the HBF's survey, electrical and plumbing roles had the greatest number of respondents employed by an agency or subcontractor, at 43.4 per cent and 41.4 per cent, respectively. Only a small minority of site-based trades were employed by developers directly.[52]

1.3.2 SMEs and micro-businesses

One result of subcontracting is the high number of micro-businesses within the construction industry. Construction has the second largest proportion of micro-firms across UK industries, defined as employing between zero to four individuals, as shown below in Figure 12. In 2025, there were just over 300 construction companies that employed over 250 people. 87 per cent of construction firms employed between zero to four people.

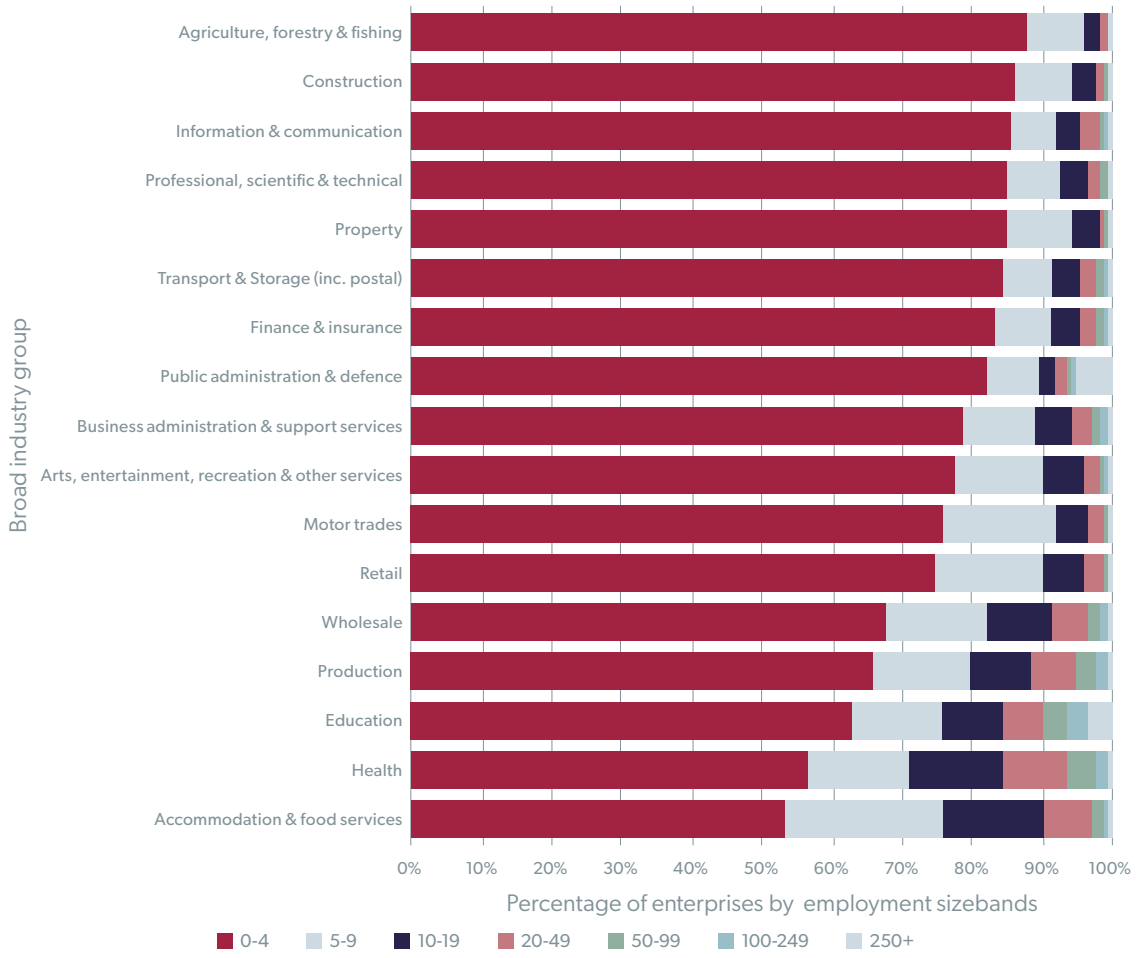
49 CLC, The Farmer Review of the UK Construction Labour Model: Modernise or die, October 2016, p. 25.

50 Ibid, p. 17.

51 CITB, Written evidence (NTP0087) submitted to the House of Lords, New Towns: Practical Delivery Inquiry, July 2025.

52 HBF, Home Building Workforce Census 2023, June 2023, p. 40.

Figure 12: Employment size bands of enterprises by percentage of total broad industry group in 2025 (UK)



Source: CSJ analysis. ONS, UK business: activity, size and location: 2025 edition of this dataset, September 2025.

The prevalence of SMEs and micro-businesses within the construction industry, combined with complex subcontracting arrangements, has important implications for how the government supports the sector to address skills shortages.

The responsibility for employing and training manual workers falls predominately on very small firms. As discussed, volatile demand for services increases the risk of large payroll obligations, which means very few SMEs employ apprentices or new entrants. Furthermore, small construction firms often lack the organisational awareness or capability to hire, manage and carry out the administration of an apprenticeship.[53]

CITB analysis shows that just 16 per cent of micro-businesses employ an apprentice, compared to 90 per cent of large construction employers,[54] many of whom do not employ tradespeople directly. 86 per cent of small firms who employ fewer than ten people said it is unlikely that they will recruit an apprentice in the next 12 months.[55]

53 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.
54 Ibid, p. 5.
55 Ibid, p. 5.

CSJ analysis of the DWP Employer Survey shows that while 92 per cent of construction employers knew about apprentices, just 38 per cent had used an apprenticeship scheme to recruit an employee.[56] Under one in four (24 per cent) construction employers said that they would be likely to recruit an apprentice in the next 12 months. In contrast, over half (59 per cent) said that they were unlikely to.

The Federation of Master Builders' (FMB) annual survey in 2024 found that nearly 40 per cent of small housebuilders have not upskilled staff, trained staff, or employed an apprentice, and under one in four firms (24 per cent) said that they would be growing their workforce in the year ahead. Just over a quarter (26 per cent) said that they employed one or more apprentice in the past year.[57]

Construction firms are simultaneously not training the next generation of workers whilst also experiencing increased demand for skilled labour. This paradox is at the heart of the construction skills shortage: demand for skilled labour exists, but it is not being matched by the supply of entry routes for new workers.

1.3.3 Self-employment

In 2025 Q3, there were approximately 756,000 self-employed workers in the construction industry, representing approximately 37 per cent of the total workforce. This is significantly higher than the national average, where self-employed workers make up about 13 per cent of all employment across the economy.[58] Among construction trades roles, self-employment is much higher. CSJ analysis of the LFS shows that most individuals in site-based occupations are self-employed, including:

- 80 per cent of plasterers.
- 79 per cent of bricklayers.
- 78 per cent of painters and decorators.
- 76 per cent of floorers and wall tilers.
- 69 per cent of construction and building trades n.e.c.
- 64 per cent of carpenters and joiners.

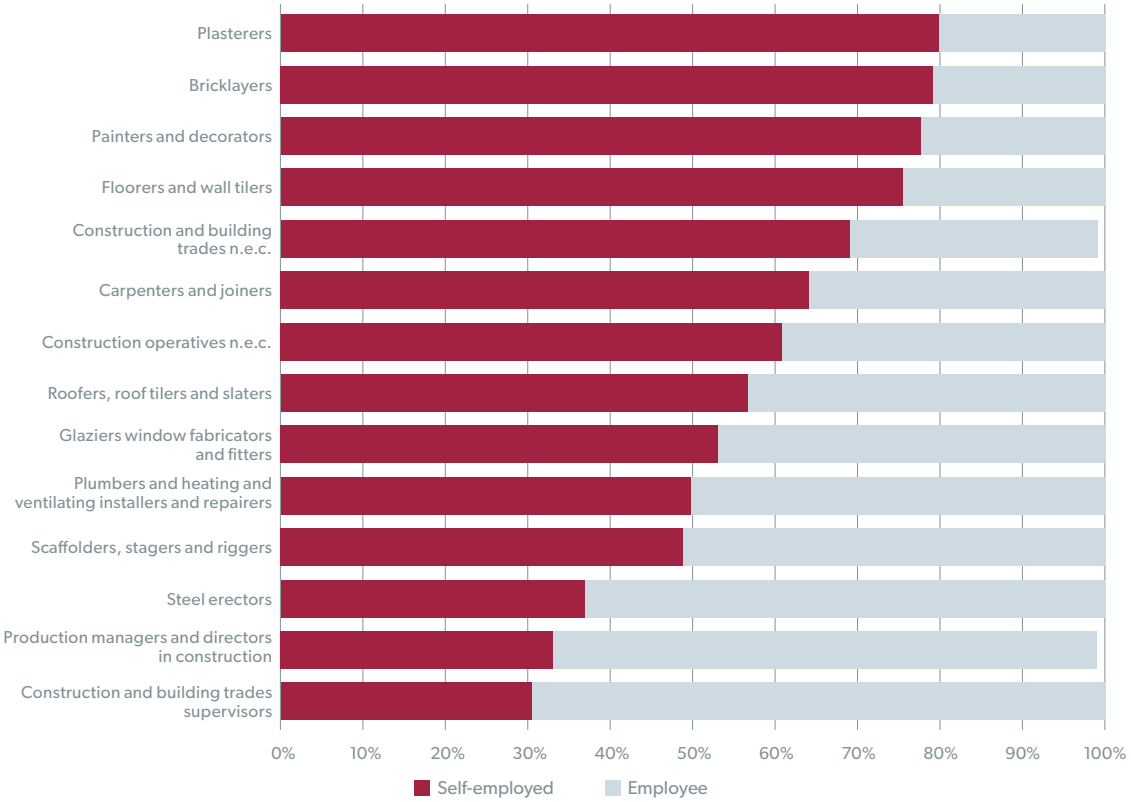
The full breakdown of manual construction occupations by employment and self-employment can be seen below in Figure 13.

56 CSJ analysis. DWP, DWP Employer Survey 2024, May 2025.

57 Federation of Master Builders (FMB), FMB House Builders' Survey 2024, December 2024, pp. 3, 15.

58 CSJ analysis. LFS 2025 Q3.

Figure 13: Construction occupations by employment status (UK)



Source: CSJ analysis. LFS data 2025 Q3. Note: percentage of self-employed and employees may not add to 100 per cent due to the additional employment types "government scheme" and "unpaid family worker".

The *2023 ITB review* states that self-employment within the construction industry is a deterrent to skills investment. It states that "the propensity for workers to become self-employed, especially once trained to a certain standard is an active deterrent to investment in training and development. It reinforces the 'free rider' problem of some employers relying on others to invest into training workers and then benefiting from the end product of that investment once workers become self-employed or decide to move jobs."[59]

Furthermore, Fixed Construction, a recruitment and training agency, told us that the prevalence of self-employment in the construction industry generates misaligned incentives for employers and workers. This is because employers avoid investing in upskilling their workforce when those workers can leave immediately for marginally better rates elsewhere, whilst workers understandably seek to gain skills at their current employer's expense before moving on.

> *"Due to the self-employed nature of the workforce, construction companies do not have an ability to tie people in with training, so the perception is that if you train someone, you will lose them for 50p more per hour to a competitor. Over the years this has led to fewer companies investing in training people and a complete lack of loyalty from workers to companies."*
>
> **Fixed Construction**

59 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 48.

Self-employment also places a disproportionate share of risk on workers. Construction firms are able to turn the 'tap' of labour 'on and off' depending on market conditions. Whilst this de-risks their liabilities, enabling them to cut spending on labour quickly, the risk is shifted onto individual workers.

Precarious working conditions in construction have contributed to mental ill-health among the workforce. Research by the CIOB has identified that the mental health of people working in construction is impacted by limited term contracts and uncertainty, causing high levels of stress and poor wellbeing.[60] Half of workers surveyed said they felt anxiety daily or weekly,[61] and over one in four (27 per cent) had thought about suicide at least once over the past year.[62]

In addition to the mental health impacts of precarious work, self-employment impacts the ability of individuals to upskill. There are few incentives or opportunities for low skilled self-employed workers to pursue training. CITB data shows that self-employed individuals were generally much less likely to have planned training than employees. Only ten per cent of self-employed workers were planning training at the time of a 2021 survey.[63] 98 per cent of self-employed respondents had funded or arranged no training, compared with 63 per cent across the industry who had funded or arranged no training in the last year.[64]

The prevalence of self-employment within the construction industry raises questions about the appropriateness of existing funding pots for upskilling and training. The construction industry is subject to an industry wide levy that is reinvested in training and skills development. This levy is collected by the CITB.

The CITB levy is collected based on firms' payrolls and redistributed across the industry to fund training. Although levy grants are paid out to employers, a significant proportion of the construction workforce, particularly site-based workers and skilled tradespeople, are self-employed and therefore do not often receive training through an employer.

As a result, the levy does not fully reflect the industry's labour model, with labour agencies and self-employed workers unable to access levy funds directly for training. Fixed Construction told us that "the CITB is too inflexible in how it distributes grants for training. Workers should be able to apply for grants directly to upskill themselves or demonstrate competency."

The *ITB review* also identified weaknesses in the operation of the levy and recommended a repurposing of the levy–grant system.[65] Following the review, the DfE accepted this recommendation on repurposing the levy and partially accepted a further recommendation to broaden its use and support more diverse training activity.[66]

We recommend that the DfE implement in full the recommendations it has accepted from the *ITB review* within this Parliament and consider ways in which the CITB levy can be modernised to better reflect the realities of self-employment in the construction industry.

60 CIOB, Understanding Mental Health in the Build Environment, May 2025, p. 5.
61 Ibid, p. 9.
62 Ibid, p. 11.
63 CITB, Skills and Training in the Construction Industry 2021, March 2022, p. 57.
64 Ibid, p. 59.
65 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 177.
66 DfE, 2023 Industry Training Board (ITB) review: Department for Education's response to the recommendations of the review, January 2025, pp. 7,13.

RECOMMENDATION

The DfE should deliver in full the recommendations it has accepted from the *ITB review* within the lifetime of this Parliament. In parallel, the DfE and CITB should consult on reforming the CITB levy to make its use more flexible and better reflect the structure of the modern construction workforce. This should include enabling a wider range of organisations to access levy funds, including labour agencies that wish to take responsibility for training, and self-employed workers seeking to upskill and demonstrate occupational competency. The consultation should consider how to broaden access, while maintaining industry confidence and safeguarding the levy's proper use.

The construction labour model has also created the conditions for labour exploitation to take place. Where exploitation has taken place, this has frequently revolved around bad practice by labour recruitment agencies, some of which have come under intense scrutiny in recent years.

Illegal behaviour has often involved misuse of the Construction Industry Scheme (CIS). CIS is a tax scheme run by HMRC that sets rules for how payments to self-employed workers or subcontracted firms are handled. Contractors deduct tax from payments to subcontractors, usually 20 per cent, as an advance towards the subcontractors tax and national insurance obligations.

In some instances, criminals have taken advantage of this setup by deducting tax and not passing it onto HMRC, leaving subcontractors and workers liable for unpaid tax. A recent Crown Prosecution Service case exposed a £22 million fraud, where conspirators created fake payroll companies to handle subcontractor wages, pocketing the CIS deductions and not passing them on to HMRC.[67]

A high-profile case involved Keltbray, a major contractor, who discovered that three of its site managers were accepting bribes from a labour supplier. The labour agency s owner paid over £600,000 in bribes to secure around £15 million worth of labour contracts, effectively buying preferential treatment.[68]

Even when CIS is used legally, it can operate as a tax loophole for employers. Some workers are employed via CIS even though they have worked for the same company for years and should be directly employed. Misuse of CIS can financially benefit some businesses, but contributes to precarious working arrangements for workers, as they are not eligible for basic employment rights like a notice period, holiday, and sick pay.

Nutral, a workforce audit consultancy, identified that 77 per cent of site operatives across projects they had worked on were paid via CIS. They found that misuse of the scheme was a risk they encountered on many sites, which directly impacted the lives of workers who forgo basic work-place rights.[69] They also found that 11 per cent of workers did not know if they had paid any deduction on their earnings to a payroll company.[70] These statistics highlight the prevalence of conditions that contribute to exploitative industry practices, and the urgent need for reform.

Within these opaque arrangements are the individuals caught up in a web of relationships between construction firms and labour agencies. This has left the construction industry particularly exposed to crimes like modern slavery.

67 Crown Prosecution Service (CPS), Construction industry people jailed for £22 million fraud against the taxpayers, February 2025. Accessed: https://www.cps.gov.uk/cps/news/construction-industry-people-jailed-ps22-million-fraud-against-taxpayers#:~:text=Julius%20Capon%20of%20the%20Crown,Bailey%2C%20Newton%2C%20Hudson%2C%20and%20Dean.

68 CPS, Four imprisoned for demolition industry corruption worth over £600,000, April 2025. Accessed: https://www.cps.gov.uk/cps/news/four-imprisoned-demolition-industry-corruption-worth-over-ps600000.

69 Nutral, It Starts With Modern Slavery – Our Top 3 Risks, n.d. Accessed: https://nutral.uk/blog/it-starts-with-modern-slavery-our-top-3-risks/.

70 Ibid.

The Gangmasters and Labour Abuse Authority have named construction as a high-risk sector for forced labour.[71] Exploitative actors, usually labour agencies, can leverage their position by charging recruitment fees, binding workers with debt, or threatening to revoke visas if individuals complain. This is also related to the industry's high levels of dependence on migrant labour, workers who are particularly vulnerable to modern day slavery.

RECOMMENDATION

HMRC should strengthen enforcement against bogus self-employment and misuse of the CIS scheme. This should include expanding the capacity of HMRC to investigate and prosecute fraudulent schemes, including those involving fake payroll companies, which leave workers liable for unpaid tax. It should also include new guidance on the use of CIS, so that workers who are effectively employees are given every possibility to become directly employed. Labour agencies and payroll companies should be required to provide greater clarity on deductions, ensuring that workers receive clear payslips and understand their tax position.

1.3.4 Migrant labour

The construction industry has relied upon access to migrant labour to fill labour shortages. This has contributed to a paradoxical problem at the heart of the construction skills shortage: high demand for skilled labour existing at the same time as underinvestment in apprenticeships and training. Employers benefit from being able to supplement the domestic workforce with skilled migrant labour, ready trained and noted for having a positive work ethic, rather than employ and train young people who will take longer to contribute in full.

The *ITB review* highlighted, principally in London and the South East, that the construction industry has been dependent on migrant labour and that this "has enabled the sector to deliver its workload without having to invest as much in domestic skills and training."[72] However, after Brexit in 2020, the ability of the sector to recruit from EU member states was made much more difficult. Recent analysis has suggested that the number of employers recruiting migrant workers in the construction industry has fallen in the last decade.[73]

Many of the industry's representative bodies have responded to post-Brexit immigration changes with calls to relax visa requirements. The Construction Leadership Council (CLC) has previously recommended that multiple job roles be added to the (now replaced) shortage occupation list, allowing easier access to visas.[74] The FMB has also lobbied for relaxed immigration rules.[75]

It is difficult to predict with much certainty the size of the migrant workforce in construction. This is because the government's premier source of data on the labour market, the LFS, has had low response rates since the Covid-19 pandemic.

71 Gangmasters and Labour Abuse Authority (GLAA), Strategic Assessment 2023/24, n.d. Accessed: https://www.gla.gov.uk/our-impact/strategic-assessment/strategic-assessment-202324.

72 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 38.

73 Cambridge Centre for Housing & Planning Research, Construction and Building Trades: The Skills Horizon, March 2025, p. 9.

74 CLC, Construction Leadership Council (CLC) Response to the Migration Advisory Committee (MAC) Review of Shortage Occupations, May 2023, pp. 2-3.

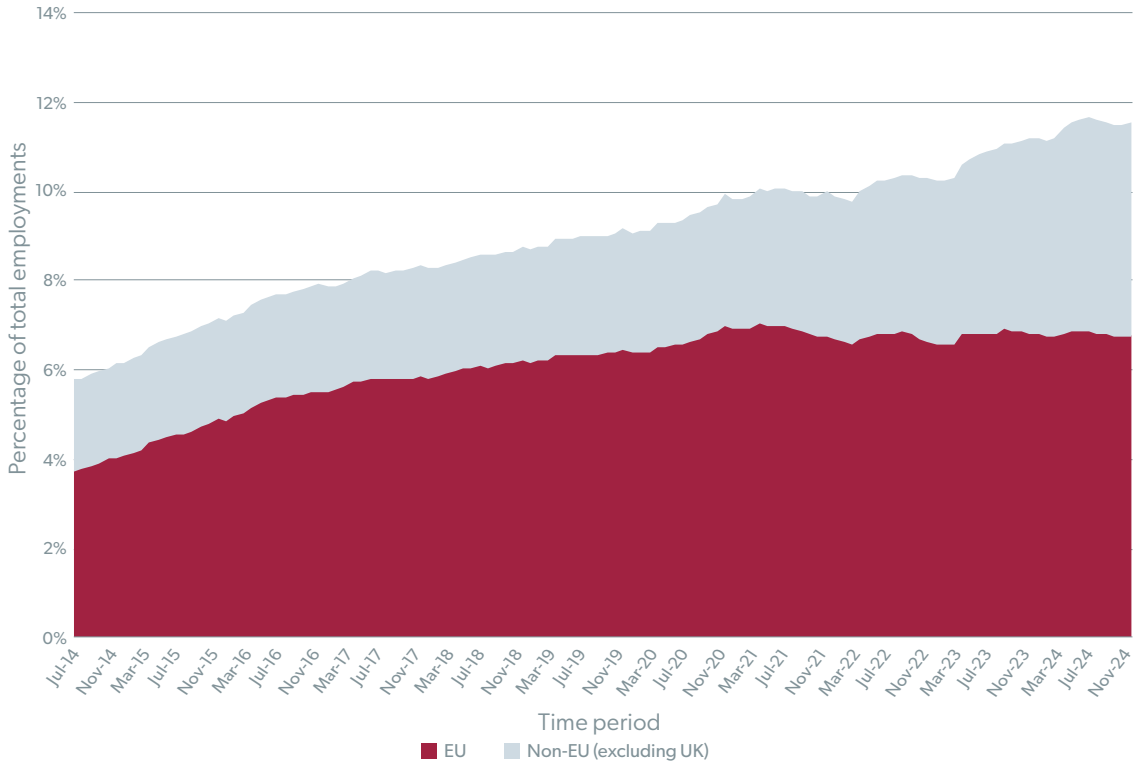
75 FMB, Budget boost to tackle construction skills shortages says FMB, March 2023. Accessed: https://www.fmb.org.uk/resource/budget-boost-to-tackle-construction-skills-shortages-says-fmb.html.

Nonetheless, CSJ analysis of the LFS indicates that in 2025 Q3, 89 per cent of the UK construction workforce were British, with eight per cent from the EU, and three per cent of the workforce originating from other European countries or the rest of the world.[76] For a more reliable estimate, Census 2021 data indicated that in England and Wales, 16.7 per cent of the construction workforce originated from the rest of the world, whilst 83.3 per cent were British or British Overseas.[77] Migrant workers have historically been concentrated in London, where CITB analysis from 2023 estimated that nearly half (46.1 per cent) of workers were born outside the UK.[78]

In the absence of reliable LFS data, we draw on HMRC records of UK payrolled employments by nationality in Figure 14 to understand how many non-British nationals are employed in the construction industry. However, whilst more rigorous than the LFS, and more up to date than the census, HMRC records can only provide a partial picture of the construction workforce, as it excludes the self-employed, a group that accounts for 37 per cent of the total industry workforce, and the majority of many site based occupations.[79]

Figure 14 shows EU and non-EU nationals as a proportion of total payrolled construction employments. The proportion of the payrolled construction sector occupied by non-UK nationals has grown over the last decade. In July 2014, 5.8 per cent of the payrolled construction workforce were non-UK nationals. By December 2024, this had increased to 11.6 per cent, an increase of 100 per cent. As migration trends changed post-Brexit, the proportion of non-EU foreign nationals employed in construction increased by 140 per cent, from July 2014 to December 2024.

Figure 14: EU and non-EU (excluding UK) nationals in payrolled employment in construction as a proportion of total employments (UK)



Source: CSJ analysis of HMRC, UK payrolled employments by nationality, region, industry, age and sex, from July 2024 to December 2024, March 2025.

76 CSJ analysis. LFS data 2025 Q3.

77 ONS, Migration and the labour market, country of birth based estimates, England and Wales, March 2023.

78 CITB, Migration and Construction, June 2023, p. 7.

79 CSJ analysis. LFS data 2025 Q3.

Overall, the number of non-UK nationals as a proportion of total payrolled employments has doubled from 2014 to 2024. This indicates that whilst the number of firms recruiting from overseas may have fallen, among PAYE employees, dependence on migrant labour has increased.

Particularly in regions like Greater London, dependence on migrant labour to meet labour demand has proved to be a high-risk strategy for the industry, offering maximum short-term gains alongside long-term risk. Instead of investing for the long-term in the development of domestic skills and training, the industry, enabled by the government, entrenched a model of labour arbitrage as labour moved to the UK to work in flexible and precarious construction jobs. Post-Brexit, the industry has been forced to re-evaluate its approach to filling labour gaps.

Industry dependence on migrant labour has also reinforced an 'immoral economy.' As noted, construction is one of the most prevalent sectors for labour exploitation and modern slavery within the UK economy. A labour model characterised by low skills investment, precarious working conditions and third-party labour agencies, made possible in part by access to flexible migrant labour, has resulted in short-term gains for some construction employers and created the conditions for labour exploitation across the industry.

Furthermore, access to ready-trained flexible labour has disincentivised investment in the next generation of skilled construction workers and cloaked the failure to absorb new entrants into the industry. This approach has failed thousands of young people who have studied a construction related course or apprenticeship and have not been able to access employment or training within the industry.

Whilst there have been calls from within the construction sector to institute a more flexible immigration route, this is not a sustainable solution to the construction skills shortage.[80] This is because continuing to depend on migrant labour to plug workforce skills shortages fails to address the underlying reasons as to why new entrants are not being absorbed by the industry, or issues regarding sector productivity and modernisation.

The government should resist calls from some employers in the construction industry to introduce a more flexible immigration regime. Instead, the government should work to create the stable economic and regulatory conditions which give firms the confidence to invest in the next generation of skilled labour. In addition, the industry should be supported to reduce site labour intensity by investing in productivity increasing technologies, and new methods of construction.

The government's recent steps to tighten visa rules for low-skilled migration are therefore welcome, as well as the commitment to raise the Immigration Skills Charge by 32 per cent and limiting access to the immigration system for employers in sectors that do not demonstrate a commitment to supporting domestic skills.[81]

However, we recommend that the government go further, by re-introducing the Resident Labour Market Test which required employers to advertise jobs to settled workers before offering roles through work visa schemes. The Home Office should work with the Department for Business and Trade (DBT) to ensure that construction employers who hire self-employed workers, or via labour agencies, are also required to advertise vacancies to domestic workers first.

80 FMB, Half of small builders want targeted immigration to tackle skills crises says FMB, February 2023. Accessed: https://www.fmb.org.uk/resource/half-of-small-builders-want-targeted-immigration-to-tackle-skills-crises-says-fmb.html.

81 DfE, et al., Post-16 Education and Skills, October 2025, p. 22.

RECOMMENDATION

The Home Office should re-introduce the Resident Labour Market Test to require UK employers to advertise vacancies to domestic workers before offering them to applicants under a work visa scheme. The Home Office should work with DBT to ensure that construction employers who hire self-employed workers also advertise vacancies to domestic workers first.

1.4 Structural barriers to skills investment

We have shown that the cyclical nature of construction has contributed to the development of a precarious labour model which has resulted in insufficient investment in skills and training. Here we outline how the government can address the structural factors which contribute to a precarious operating environment for the industry. These include planning reform, the additional costs of building, and regulatory burden.

1.4.1 The planning system

The unpredictability of the planning system exemplifies the problem of uncertainty faced by the construction industry. The government has made several welcome steps to reform the planning system to address this issue. This has included reforming the *National Planning Policy Framework (NPPF)* and the *Planning and Infrastructure Bill* which makes more comprehensive changes to nature and environmental obligations, the delivery of critical infrastructure, how planning committees operate, and compulsory purchase rules. In October 2025, the government committed to strengthening the Bill even further to increase levels of building.[82]

In addition to the uncertainty which characterises England's planning system, it is also significantly under resourced. This contributes to delays in applications being processed. Analysis by the HBF found that of a Freedom of Information (FOI) request to 134 Local Planning Authorities (LPAs), 80 per cent were operating below full capacity. An estimated 2,200 extra planning officers are needed across England and Wales to plug the gap.[83] The HBF say that delays following from a lack of planning officers are impacting SME builders the worst, for whom over half (51 per cent), were waiting more than a year for planning permission.[84] Housebuilders told us how planning delays meant they were less likely to employ labour.

> *"Commercial viability is utterly disregarded when it comes to the planning system… Planning is an ever-changing beast."*
>
> *"The timescale for planning is a real issue, because it takes away certainty, and we need certainty in order to employ more people."*

82 Ministry of Housing, Communities and Local Government (MHCLG), Pro-growth package unshackling Britain to get building, October 2025. Accessed: https://www.gov.uk/government/news/pro-growth-package-unshackling-britain-to-get-building?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=97435bb9-72ec-4c4a-9a86-27679cdd3c90&utm_content=daily.

83 HBF, Planning on Empty: Staffing struggles in local planning authorities, February 2025.

84 Ibid.

> *"It takes so many years to get a [planning] permission, and we're only active on two sites at the moment, and we're holding off starting another one when our usual development programme would be on five or six sites, but the market is not supporting that at the moment."*
>
> **Housebuilders**

In recognition of how the planning system contributes to the construction skills shortage, the CITB have outlined that a "strong project pipeline driving workforce demand in housebuilding, infrastructure, and retrofit is exactly the catalyst needed to put the skilled workforce in place to achieve government and industry priorities."[85]

The government should pass an ambitious *Planning and Infrastructure Bill* that radically reforms the way England's planning system works. In the short-term this should include providing as much certainty as possible to developers, by limiting the ability of local authorities or regulatory bodies to delay developments that meet existing requirements. In the long-term, the government should look towards replacing England's discretionary planning system with a new zonal system, where proposals that meet clear rules would be guaranteed planning permission.

To increase certainty in the planning system, the CSJ has previously recommended that design codes be used to increase certainty for builders. Design codes help to ensure that development is characterful, high quality, and complimentary to the existing built environment. Design codes inform the planning system with clear asks from the community, and should be used to maximise beautiful development, giving more certainty to builders.

Design codes have been particularly successful in increasing support for housebuilding in areas like Chesham, where the town council commissioned a town wide neighbourhood development order and neighbourhood design code, with the aim of de-risking development on brownfield sites. Both of these mechanisms have the potential to deliver up to 900 new homes.[86]

Design codes should be used to speed up development and increase certainty in the planning system. The government has recognised their potential, stating that design codes could be used to clearly define what types of development are acceptable to communities, providing greater clarity for developers.[87] The government should build upon this initial recognition by integrating design codes within plans for brownfield passports, so that the default answer to acceptable development is 'yes'.

RECOMMENDATION

Within plans for a Brownfield Passport, MHCLG should require LPAs to approve planning applications by default when they comply with a locally adopted design code, except where specific, pre-defined exclusions apply. The longer-term objective should be to move towards a system of automatic consent for applications that meet locally agreed design standards.

85 CITB, Written evidence (NTP0087) submitted to the House of Lords, New Towns: Practical Delivery Inquiry, July 2025.

86 Create Streets, Neighbourhood Design Code Chesham, n. d. Accessed: www.createstreets.com/projects/chesham-neighbourhood-design-code/.

87 MHCLG, Planning Reform Working Paper Brownfield Passport: Making the Most of Urban Land, February 2025, p. 5.

1.4.2 The regulatory burden and additional costs of building

As noted above, growth in construction output has been driven significantly by increased demand for R&M. This is related to a number of new environmental and building safety regulations which are increasing demand for labour at a time when firms already report recruitment difficulties. In addition, new regulations have affected the delivery of thousands of new homes. In London, uncertainty on requirements for second staircases within some types of building has led to the delay of nearly 38,000 development schemes.[88]

In July 2024, the London Homes Coalition, a partnership of major housing associations (HAs) and contractors in London, produced a report on the skills demands of the capital's HAs. In their report they show that HAs require 10,000 workers to meet asset management commitments (maintain existing stock).[89] Demand for new labour is being driven by increased R&M requirements linked to higher sustainability standards, net zero regulations, retrofit targets, building safety obligations, rising customer expectations, the deteriorating condition of existing stock, and the need to comply with updated regulations.[90]

As a result, many HAs are prioritising R&M programmes, rather than building new affordable homes. Evidence provided to the House of Commons Housing, Communities and Local Government Committee, outlined how registered providers expenditure on existing stock rose by 76 per cent from 2020 to 2023.[91] The estimated cost of decarbonisation for HAs is an additional £36 billion on top of existing spending plans.[92] In May 2025, the G15, the group representing the largest HAs in London, reported a 66 per cent drop in new affordable housing built in the last two years, in part a response to growing safety, maintenance and management costs.[93]

High demand for R&M will stretch the construction workforce in the years to come, especially as employment in the industry is at a historic low. This will contribute to wage inflation and increase the cost of building new homes. Growing R&M costs have also led to a slowdown of section 106 home purchases. Over 44 per cent of affordable homes were funded through section 106 agreements in 2023/24.[94] This refers to when private developers build affordable homes as a condition of planning consent. Registered providers of affordable housing are expected to purchase these units from private builders. These planning obligations are commonly referred to as section 106 contributions. As HAs have faced higher R&M costs, fewer are purchasing section 106 properties. This is having a significant impact on the housebuilding market as these requirements set by local authorities must often be met before housebuilders can develop a site in full.

A HBF survey in October 2024 found that 17,432 section 106 affordable housing units with detailed planning permission were uncontracted, meaning that these developments had not been brought by a HA.[95] This means that thousands of homes are stuck in the pipeline, approved on paper, but not able to be fully completed. The National House Building Council (NHBC) recently wrote that a "sharper focus on renovation, more robust maintenance programmes and improvements to existing stock" and "meeting

88 London Assembly, Homes Delayed by Second Staircases, February 2024. Accessed: https://www.london.gov.uk/who-we-are/what-london-assembly-does/questions-mayor/find-an-answer/homes-delayed-second-staircases.

89 London Homes Coalition, Building Skills for the Future, July 2024, p. 6.

90 Ibid, p. 18.

91 House of Commons Levelling Up, Housing and Communities Committee, The Finances and Sustainability of the Social Housing Sector, April 2024, p. 17.

92 Ibid, p. 12.

93 BBC News, Drop in London's new affordable homes being built, May 2025. Accessed: https://www.bbc.co.uk/news/articles/c1ldgqvypqpo.

94 MHCLG, Affordable housing supply in England: 2023 to 2024, November 2024.

95 HBF, Bid Farewell: An examination of the crisis in S106 Affordable Housing, n.d, p. 5.

enhanced safety standards" have contributed to less HAs purchasing section 106 developments.[96] Delays in new work, caused in part by increased demand for R&M, are contributing to a slowdown in demand for new build assets. The *ITB review* found that the risk of the industry not being able to meet new demand has been compounded by increased regulation.[97]

The haphazard introduction of new regulation has been raised as a problem hindering the delivery of new homes. In a recent report, the Institute for Government (IfG) state that housebuilding objectives have often been poorly aligned with environmental and building safety regulations, with the result being slower build out.[98] We echo their calls on the importance of a long-term roadmap for regulation that is aligned with the government's housebuilding and infrastructure ambitions.[99] This would allow the government to plan the introduction of new regulation and properly consider the trade-offs inherent within different courses of action.

A long-term roadmap for regulation should include a review of existing regulations that have constrained housing delivery, such as the two-staircase rule for all new residential buildings above 18m, biodiversity net gain and mandated solar panels. While regulation is essential to ensure safety and quality, there are trade-offs, and evidence suggests new regulation has had a substantial impact on the cost of building.[100] The government should weigh the benefits of new and existing regulations against their impact on the pace and scale of housing delivery, ensuring that standards are proportionate, and do not unintentionally stall the development of much needed housing and infrastructure.

RECOMMENDATION

MHCLG should lead a cross-government review of existing and planned regulations affecting the construction industry, to ensure that environmental and building safety standards are properly aligned with housing and infrastructure goals. This review should provide the clarity and certainty needed for the sector to plan investment, build workforce capacity, and maintain delivery, while also assessing the trade-offs between regulatory requirements and construction output. As part of this, the government should examine the efficacy of regulations that have constrained delivery, ensuring that standards remain proportionate, and do not unintentionally stall the development of much-needed homes and infrastructure.

1.5 The Future Workforce Credit

In Part One we have considered how the skills shortage in the construction industry is primarily a product of the structure and commercial behaviours of the sector. This is reflected in the industry's labour model, characterised by uncertainty, cyclicality and fragmentation, which has led to an underinvestment in training and direct employment opportunities for new entrants.

96 Inside Housing, Why aren't housing associations bidding for Section 106, June 2025. Accessed: https://www.insidehousing.co.uk/comment/why-arent-housing-associations-bidding-for-section-106-91988.

97 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 36.

98 Institute for Government, From the ground up: How the government can build more homes, August 2024, p. 51.

99 Ibid.

100 Centre for Cities, Breaking the Bottlenecks: Reforming 'anti-supply measures' to support urban housebuilding, May 2025. Accessed: https://www.centreforcities.org/reader/breaking-the-bottlenecks/dual-staircase-requirements/.

In addition to addressing the structural factors which contribute to uncertainty and short-termism in the construction industry, the government should focus its efforts on addressing one of the primary causes of the skills shortages: the fact that so few SME construction firms employ apprentices.

To remedy this problem, we propose that the government introduce a Future Workforce Credit, combining existing incentives to hire young people into a clear financial bonus for employers, if they hire a young person out of work, including as an apprentice.

Data from the DWP Employer Survey suggests that many construction firms would be willing to hire someone from a disadvantaged background if there was a financial subsidy. Nearly one in three construction employers (28 per cent) said they would consider employing someone from a disadvantaged group if there was a financial subsidy. This is higher than the average for all employers (22 per cent).[101]

The Future Workforce Credit is targeted at 16-24 year olds not in any form of education, employment or training (NEET) to tackle the growing problem of youth economic inactivity. This issue is particularly pronounced among construction FE leavers, where approximately 14 per cent move from college into unemployment.[102] In 2023/24 this equated to nearly 10,000 individuals.[103] The Future Workforce Credit could also be expanded to provide a bonus to employers for hiring any young person. An expansion of the Credit in this way could be targeted at industries with chronic skills shortages, like construction, to incentivise the hiring and training of young entrants.

The Future Workforce Credit would be a credit, paid to an employer for hiring a NEET, worth 30 per cent of the new employee's salary. The Credit would be worth £5,850 for a 19-year-old working full-time on minimum wage, a larger payment than the existing national insurance contributions (NICs) relief and apprenticeship incentive combined. For a construction apprentice earning £7.55 per hour, working 37.5 hours a week, the Future Workforce Credit would be worth approximately £4,417 per year to an employer.

To be eligible, the employee must be aged between 16 and 24 and have been NEET for at least three months. The employee must have been a British resident for at least three years. Half the Credit should be paid upfront, and half paid after six months. The employer must prove that the former NEET has worked with them for six months to receive the second instalment.

The employer would apply to HMRC for the Credit when hiring a NEET, and HMRC would verify them against government databases such as PAYE returns, Individual Learner Records and the National Pupil Database. Verification should not depend on the NEET claiming benefits, though DWP data will undoubtedly help verify some of them.

The government should build the verification system with the aim of creating a dashboard that allows NEETs, employees, and charities working with them to verify their eligibility against these databases before recruitment. This would align with the government's attempts to promote better data sharing to identify NEETs, and those at risk within the Youth Guarantee Trailblazers. Indeed, the government should trial sharing the dashboard with the Trailblazer local authorities to help them match NEETs with employers.

Across the economy as a whole, we estimate that the Credit would increase the number of NEETs moving into employment by 115,561. In the first year, it would cost £670 million and produce £765 million in

101 CSJ analysis. DWP, DWP Employer Survey 2024, May 2025.

102 Evidence provided to the CSJ by the CITB.

103 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5, and CSJ analysis of data provided by the CITB.

direct fiscal benefits through increased tax receipts worth £409 million, and welfare savings worth £356 million. The initial cost should be covered by the savings from the planned removal of Universal Credit (UC) Health eligibility from under 22-year-olds and scrapping the ineffective apprenticeship cash bonus and NICs relief for under 21s and apprentices under 25. Most importantly, we estimate that the Credit alone would reverse most of the increase in NEETs since the pandemic.

Full details on the design and implementation of the Future Workforce Credit are set out in *Wasted Youth: Helping Britain's young adults into work*, published by the CSJ in August 2025.[104]

RECOMMENDATION

The government should introduce a Future Workforce Credit to incentivise employers to recruit and upskill NEETs aged 16-24. The Credit would be set at 30 per cent of an employee's salary. It would be worth approximately £5,850 for a 19-year-old employee working full-time (37.5 hours), more than the apprenticeship incentive and NICs relief combined. For a construction apprentice earning £7.55 per hour, working 37.5 hours a week, the Future Workforce Credit would be worth approximately £4,417 per year. The Credit would be paid in two halves: the first upfront and the second after six months with proof of the NEETs continuing employment.

To be eligible, the employee must be aged between 16-24, and have been NEET for at least three months before recruitment. They must have been resident in the UK for at least three years. Employers would apply to HMRC for the Credit when hiring a NEET. HMRC would verify NEET status by cross-referencing PAYE returns, data from the National Pupil Database and Individual Learner Records, and DWP records. This will require a data sharing agreement between HMRC and the relevant departments.

The NEET should not have to be claiming benefits to be eligible for the Credit, to capture the 'other' NEETs not claiming benefits. The onus should also be on HMRC to verify the employee's NEET status not on the employer to prove it, to keep the barriers for employers as low as possible. The application process means the Credit is not automatic and applies only to new employees, so that it directly influences employment decisions.

We estimate that the Credit will cost £670 million and return £765 million to the Exchequer through additional personal taxes and lower welfare spending. The initial outlay for the Credit can be partially covered by ending the NICs relief for under 21s and apprentices under 25, the apprenticeship incentive, and following through with the government's plans to remove UC Health eligibility from claimants under 22-years-old.

104 CSJ, Wasted Youth: Helping Britain's young adults into work, August 2025.

Part Two:

Education and training

In Part Two we outline how the education and training system can be reformed to better prepare individuals with the skills they need to succeed in construction. We also outline how the construction industry, working together with the government, can improve apprenticeships and adult education outcomes, especially in expanding upskilling opportunities for low skill workers.

We define vocational and technical education as qualifications that are designed to give learners the skills and experience needed for a certain job or trade. We will refer to this as technical education from here on in. Across the technical pathway, there are hundreds of different courses, ranging from BTECs to T Levels and a variety of level one, two and three qualifications.

In October 2025, the government published the *Post-16 Education and Skills White Paper* which sets out the government's proposed reforms to further and higher education. This includes the introduction of V Levels, as a vocational route alongside A Levels and T Levels. These qualifications, alongside reformed level two pathways, will be critically important to preparing young people for skilled trades and other occupations in construction.

Later this year, the CSJ will publish a state of the nation report on technical education, marking the beginning of a programme of work outlining how the government can build a balanced education system with parity of esteem between technical and academic pathways. In this report we consider how the education system can best support the government's ambitions to tackle the construction skills shortage to build 1.5 million homes, and a new generation of national infrastructure.

We begin by considering the values shift that must precede any meaningful reform to the education system.

2.1 The dignity of labour

The construction industry has an image problem. Polling of 16-to-24-year-olds in 2024 found that over one in three (36 per cent) said that construction is not a respected career path. Roughly the same figure said that the industry has a poor workplace culture (35 per cent), and nearly half (47 per cent) said that construction was not covered in careers advice in school.[105] These negative perceptions of construction are downstream of attitudes about the value of manual labour.

A fundamental values shift must precede any reform to the education system. Crucially, this means placing an equal moral value on the labour of people who work in industries like construction, as much as those who work in professional occupations.

It is therefore welcome that the Prime Minister (PM), in his speech to the 2025 Labour Party Conference, removed the 50 per cent university target. The PM referenced the fact that our political and educational

105 CIOB, Attitudes Towards Construction Careers, March 2025, p. 2.

establishment has for too long ignored the young people who went through FE, in favour of a university and academic pathway that served only certain young people.[106]

Over time, an over-emphasis on higher education has reduced the value of careers in industries like construction. Events in recent years, ranging from the impact of Brexit on migration trends, the Covid-19 pandemic, and tariffs on trade have caused a reassessment of the skills needed for the UK's economy in the years ahead.

The era in which former PM, Sir Tony Blair, made the commitment to send 50 per cent of young people to university has come to an end. As the Chancellor of the Exchequer has said: "globalisation, as we once knew it, is dead."[107] Producing a workforce, through channelling young people through universities, to work in knowledge economy office jobs, is no longer sufficient for the challenges of the 21st century.

Instead, the new era is one of global conflict, trade barriers, and reindustrialisation. This means that for sectors like construction, the globalised labour model, which involved substituting a home-grown workforce for ready-trained migrant workers, must also come to an end. The government's industrial strategy recognises this change of era, and the need for a new workforce to meet the nations' challenges.[108]

Successfully recruiting and retaining thousands of new construction workers is dependent on society recognising the value and dignity of manual labour. For decades, certain work has been valued more highly, with workers in industrial occupations like construction subject to worsening conditions, growing precarity, and lack of investment. More recently, the government and industry leaders have been content to rely on migrant labour to meet demand for labour, instead of investing in a world-class training pipeline from school to the workplace.

Therefore, it is not just an economic imperative to rebuild Britain's construction workforce, but a moral one. The government has recognised the importance of rebuilding Britain's industry and nurturing a home-grown workforce in sectors like construction. Making these reforms a success requires a values shift, so that young people who choose construction are respected and valued for the critical contribution they make to the economy and society.

2.2 Secondary education

Secondary education should be enriching and purposeful for young people, setting them up for a lifetime of participation and contribution in society and the economy. Significant reforms to the education system were made by the coalition government from 2010-2012, drawing on the approach of a 'knowledge-rich' curriculum. These changes have resulted in improvements across England's education system,[109] but further diminished the standing of technical education.

The technical education pathway within secondary education is inadequate. This has contributed to concerning outcomes among young people who fall behind on the academic pathway. In *Absent Ambition: Addressing the root causes of school absence*, the CSJ highlighted the growing distance between school and the world of work. Polling shows that over two-fifths (42 per cent) of secondary

106 LabourList, PM Keir Starmer's Labour Party Conference speech in full, September 2025. Accessed: https://labourlist.org/2025/09/labour-conference-2025-keir-starmer-speech-in-full/.

107 The Labour Party, Rachel Reeves Mais Lecture 2024, March 2024. Accessed: https://labour.org.uk/updates/press-releases/rachel-reeves-mais-lecture/.

108 DBT, et al., The UK's Modern Industrial Strategy, June 2025, p. 7.

109 Institute for Fiscal Studies (IFS), The state of education: what awaits the next government?, June 2024, p. 5.

school parents think that most of what their children are taught in school won't help them in later life, and a third do not think school prepares their children for work well.[110] The CSJ has highlighted this deteriorating educational ambition as a key contributor towards the persistent problem of school absence, which has increased by 40.5 per cent since before the Covid-19 pandemic.[111]

Later this year, the CSJ will publish a major review into the state of technical education, and in 2026, will recommend to the government a series of solutions to fix the distortion in our education system. Here, we consider how the government can support schools to develop closer links with construction employers to give under-16s a progression pathway into the industry.

Improving the line of sight between school and the construction industry should come through a greater emphasis on technical careers advice, and work experience opportunities. In the long-term, we also recommend that the government develop a technical option at Key Stage 4 (KS4) so that young people have access to a wider range of subjects at GCSE level that prepares them for work in industries like construction.

2.2.1 Improving construction careers advice and work experience

CSJ research shows that access to good quality careers advice and work experience at school is crucial for preparing young people for the world of work. However, our analysis shows that many young people lack access to these opportunities.

Careers advice

In the CSJ's report, *A New Deal for Young People in the West Midlands*, extensive qualitative research with employers, charity, and school leaders found that a lack of work experience and high-quality careers advice has resulted in problems preparing students for the world of work.[112] This is a particular difficulty for the construction industry, where many schools do not offer relevant careers advice or support for students to explore opportunities in the industry. Recent polling found that nearly half (47 per cent) of 16-24 year-olds agreed that construction careers were not covered in careers advice they received whilst in education.[113] A historic piece of analysis from 2014 identified that over one in three careers advisors believed a career in construction was unattractive.[114] These numbers indicate that some teachers and careers advisors are often unequipped, or unwilling, to offer positive careers advice to young people about opportunities in the construction industry.

To better understand the experiences of young people who wanted to pursue careers in construction, we spoke to a group from two charities based in Norwich (St Edmunds Society [St Eds]) and Leeds (Building Futures Together). Both charities support young people who have struggled in the mainstream school system.

Young people said that construction careers advice had opened up opportunities for them. One young person said: "She's [careers advisor] helped me to think [about] where I can go with these qualifications, what I need, and what I need to get." However, not all young people had a positive experience. Another said: "I didn't hear anything about construction in high school."

110 Whitestone Insight, Polling conducted of 2,130 adults, July 2025.

111 CSJ, School Absence Tracker: A termly analysis of official data relating to absence from schools, October 2025, p. 1.

112 CSJ, A New Deal for Young People in the West Midlands, June 2024, p. 28.

113 CIOB, Attitudes Towards Construction Careers, March 2025, p. 2.

114 CITB, Educating the educators: Construction's unique opportunity to work with careers advisors to inspire a new generation of recruits, February 2014, p. 2.

The importance of giving young people a clear understanding of career opportunities in construction was also reinforced by Mike Hopkins, the CEO of South & City College Birmingham, who told us that increased visibility of construction careers in secondary school was extremely important in attracting young people into the industry, particularly in reshaping perceptions of construction as a career path. Construction is often considered a 'last resort' for young people who have struggled or not completed mainstream education. Instead, Hopkins said that we need to speak far more positively about jobs and earnings potential.

> *"There needs to be far greater positive publicity nationally and locally on the jobs and earnings [in construction]. This is particularly important in schools as construction is viewed as a last resort in terms of careers guidance and there is little detailed information on the numerous construction trades and professions."*
>
> **Mike Hopkins, CEO of South & City College Birmingham**

Work experience

Young people also told us how important practical and hands on experience is. One said that being able to take part in a practical construction activity outside of school helped them to enjoy learning more: "Your focus will improve [if you can do practical skills] because you want to do it, rather than school where you don't really want to do it, you're just there because you have to be."

Some of the young people who participated had negative experiences of school and being removed from lessons. One told us that they would sit in the 'isolation' room and watch videos of the trade they wanted to learn about: "When I was in school, if I went into school or isolation, I would try to get on a computer and watch plumbing videos because that's what I want to do instead of being at school. Reading from a book, it's not helping at all, I can't learn like that, [it's] just a waste of time." Another said : "I enjoy being there [at the charity], learning practical stuff, [I want] to start my own thing with those skills."

These experiences highlight the importance of technical opportunities in the education system for young people who struggle with the mainstream academic pathway. Many students learn more easily by 'doing', rather than 'hearing'.

As well as contributing to a negative attitude to learning, a lack of practical opportunities in the education system is contributing to a wider phenomenon of disconnection between whole families and their children's schools. The CSJ has shown this as one cause of the rising level of school absence. Our research has identified the importance of enrichment activities within schools for tackling this problem and re-engaging young people.[115] Enrichment can include extra-curricular activities like opportunities to pursue practical skills like construction trades.

The importance of hands-on construction experience at school has been recognised by others, including the Construction Youth Trust (CYT), in their recent report on attracting young people to the industry. They said that engagement with schools is extremely important, but this should be interactive and engaging, with hands on activities, site visits and real-world work experience.[116] If construction is only presented in

115 CSJ, Absent Ambition, September 2025, p. 51.

116 Construction Youth Trust, Thinking Differently about Future Talent: Insights Report, March 2025, p. 1.

the context of a classroom with written exercises, it will further serve to alienate young people who would benefit from greater exposure to practical learning.

The CYT launched a pilot scheme to explore how work experience could support more young people to enter the industry. Their research found that 73 per cent of young people who participated in their scheme agreed that their work experience placement increased their confidence in securing their desired career or next step.[117]

The DfE can support schools to embed employability skills and work experience opportunities immediately, drawing on examples of best practice from across England. One such example is the David Nieper Academy in Alfreton, which has placed employability at the centre of its curriculum. We recommend that the DfE work with multi-academy trusts (MATs) to embed employability principles and activities systematically into secondary education, like the David Nieper Academy, and support schools to make partnerships with local employers.

Case Study: Embedding employability in schools

The David Nieper Academy in Alfreton places employability at the centre of its curriculum. Its whole school Careers and Employability Programme combine the Gatsby Benchmarks with the Trust's own Employability Benchmarks, embedding workplace skills into the curriculum and culture of the school.

All subjects deliver at least one careers linked sequence annually, while years seven and eight participate in an enterprise curriculum. Students participate in an enterprise week, where they take part in a series of challenges supported by employer partners.

The school is supported by employer partnerships including Places for People, and major construction company Bowmer and Kirkland. These partnerships allow for authentic industry encounters, from mock interviews to workplace challenges.

Crucially, employability behaviours are part of everyday school life, reinforced through the curriculum, attitudes to learning, as well as enrichment, house and pastoral systems. The school aims for every student to have multiple opportunities to learn from employers and first-hand experience of the workplace.

This model demonstrates how schools can embed employability principles across culture, curriculum, and partnerships, ensuring that every pupil gains meaningful exposure to the world of work.

RECOMMENDATION

The DfE should work with MATs to embed employability principles and activities systematically into secondary education. Ofsted should strengthen accountability by giving greater weight to high quality employability skills provision when schools are being evaluated for personal development.

117 Ibid, p. 7.

In addition, to improve the connection between the construction industry and schools, the government should utilise Local Skills Improvement Plans (LSIPs) to open up access to high-quality work experience opportunities with construction employers. LSIPs provide an agreed set of priorities for employers, training providers, and relevant stakeholders to work towards. They are designed to ensure that local training is responsive to employers' needs. Their potential for addressing skills shortages in the construction industry has been recognised by the CITB who recommended that LSIPs consider a 'Careers Awareness Plan' with schools, in addition to colleges, so children do not miss out on opportunities in the construction industry.[118]

Whilst LSIPs are currently focused on post-16 education, not secondary schools, we believe they could be utilised to support careers advice and work experience opportunities at this stage. This could be done by convening local construction employers to provide a 'work experience pledge' of a certain number of placements for disadvantaged children each year.

LSIPs should also be tasked with supporting schools to meet their obligations under the Baker Clause. The Baker Clause refers to legislation which mandates that schools allow colleges, apprenticeship providers, and other training providers access to pupils to discuss non-academic routes that are available to them.[119]

The government has made a welcome commitment to introducing two weeks' worth of work experience throughout secondary education for young people.[120] LSIPs should be used to convene schools and construction employers to ensure that young people who would benefit have access to careers experience in the industry.

RECOMMENDATION

The DfE should strengthen the role of LSIPs in supporting schools to deliver on their Baker Clause obligations by widening access to high-quality work experience, particularly in construction. LSIPs should convene major local employers to sign up to a 'work experience pledge', guaranteeing placements for disadvantaged pupils each year. This should underpin the national ambition that every pupil should have access to at least two weeks of meaningful work experience by the age of 16.

Addressing health and safety barriers

Whilst we recommend that LSIPs should support schools to offer technical careers advice and work experience opportunities, we are also aware that several barriers exist which mean that under-16s are only able to access construction sites in very limited circumstances and capacities. These barriers include health and safety regulations, insurance limitations and industry practices which reduce access to sites, like requiring all people on some construction sites to possess a Construction Skills Certification Scheme (CSCS) card, which is not required by law for people on short-term work experience placements.[121]

118 CITB, Driving construction skills, growth, and jobs through Local Skills Improvement Plans (LSIPs), January 2023, p. 9.

119 Association of School and College Leaders, The Baker Clause: Best practice guidance for schools, providers and learners, November 2018.

120 DfE, et al., Post-16 Education and Skills, October 2025, p. 28.

121 CSCS Group, Guidance on work experience placements, February 2019. Accessed: https://www.cscs.uk.com/news/guidance-on-work-experience-students/.

> *"From an employer's point of view, the age of some of these kids from school at 16 and 17, they are restricted on what they can do on site, we can't accommodate some 16 and 17 year olds…We only take 18 plus now because of the red tape on site. It's a travesty. We say we want these kids in industry, but the big players are saying we won't have under 18s on site. How are they going to learn, how are we going to light the kindling, so they get excited?"*
>
> **Construction firm**

The purpose of health and safety regulations are to protect the welfare of all people on construction sites. But this should not be to the detriment of meaningful educational opportunities to learn about construction, and for young people to grow in their understanding of the industry. To overcome barriers to construction work experience, the DfE, working with the Health and Safety Executive and major insurers, should launch a joint review into the barriers preventing young people under the age of 18 from accessing meaningful work experience in construction.

RECOMMENDATION

The DfE, working with the Health and Safety Executive and major insurers, should launch a joint review into the barriers preventing young people, particularly those under 18, accessing meaningful work experience in construction. The review should identify practical and regulatory reforms to enable safe and supervised access to construction sites for education-related activities and recommend industry-wide best practice models that can be adopted by employers and schools.

In addition to removing barriers that prevent young people from experiencing the construction industry, the DfE should launch a new construction work experience pilot for school-age children in KS4. This could be a trailblazer pilot, paving the way for the ambition to see two weeks of work experience offered to every child in secondary education. The pilot would explore the most effective ways to bring employers and schools together, address health and safety and regulatory barriers, and drive reform through government. This would lay the groundwork for expanding safe, high-quality work experience opportunities across England, enabling more school-age children to explore careers in construction.

RECOMMENDATION

The DfE should design and pilot a regional construction work experience scheme for KS4 pupils. The pilot should provide a minimum of two weeks supervised, educational work experience on live construction sites, giving young people a clear line of sight into construction careers. The DfE should work with Skills England on stakeholder coordination, overcoming regulatory, insurance, and safeguarding barriers to make these opportunities deliverable at scale after the pilot has finished. This pilot could be launched in the West Midlands where young people are the least likely of any region to have work experience.

Harnessing the third sector

The third sector is an critical asset for the government in expanding work experience opportunities for young people. St Eds and Building Futures Together work closely with schools to support young people who have struggled in mainstream education and have delivered outstanding outcomes for their service users.

Case Study: Third sector organisations opening up opportunities in construction

St Eds

St Eds supports young people who have struggled in mainstream education by providing practical and accredited vocational training. Since opening its vocational learning hub in 2012, St Eds has offered courses in construction, mechanics, catering and hospitality, health and social care, and hair and beauty, alongside essential qualifications in English and maths. Many students arrive disengaged from education, and provision is targeted at young people aged up to 25 with an Education, Health and Care (ECH) plan. St Eds has in-house employability staff, and a network of corporate partners to enhance their careers offer to young people, including Grayson Ltd and Galliford Try. Last year 93 per cent of achievers progressed into employment or further training.[122]

Building Futures Together

Building Futures Together works with young people who struggle to engage in traditional education by providing high-quality, practical work experience in construction. Based in Pudsey, its training academy offers a realistic, site-like environment, where pupils develop skills in plumbing, electrical work, and other trades, alongside essential employability skills. Building Futures Together partners with schools across West Yorkshire to offer taster sessions and structured programmes that help pupils take their first steps into the industry. The organisation works closely with employers, including the G&H Group, to connect young people to apprenticeship opportunities and sustainable careers in construction.

Not all schools are able to refer pupils to charities like St Eds and Building Futures Together. This often depends on the school's financial position and access to discretionary funding. One charity leader said that: "some schools have additional funding where they can send some people, some don't, so they [the young person] miss out."

St Eds and Building Futures demonstrate the potential of third sector organisations to complement the work of schools by offering vocational and practical learning for young people, especially those who find school difficult. This can help young people to reengage with the education system and access employment after finishing their studies.

Local authorities should be tasked with producing guidance for schools on how to engage effectively with third sector organisations, drawing on the models developed by St Eds and Building Futures. This should cover opportunities for work experience, level one and above qualifications, mentoring, and enrichment activities, helping more schools to form sustainable partnerships with third-sector organisations.

122 Evidence provided to the CSJ by St Eds.

RECOMMENDATION

Local authorities should provide schools with guidance on engaging with third sector organisations to provide mentoring programmes and enrichment activities, including practical training.

2.2.2 A new technical option at GCSE

Looking to the long-term, the DfE should make a clearer link between school and work by creating a well-resourced and respected technical pathway at KS4, available as a GCSE equivalent qualification. This would create a vocational pathway at secondary school, similar to the education system in other European countries like Germany[123] and the Netherlands.[124] In *Going Dutch: Devolving employment support and adult education to tackle economic inactivity*, we show how several European countries provide clear and well-supported technical routes from school through to adult education. In England, however, the pathway from school to post-16 education, and then into work, remains fragmented and difficult to navigate.[125]

Whilst a Technical Award in construction is available at KS4, just ten per cent of schools entered at least one student into this in 2024/25.[126] We believe a more comprehensive technical option is needed for young people at KS4, particularly in supporting individuals into foundational industries like construction.

The *Curriculum and Assessment Review* has recommended that the government prepare to review Technical Awards from 2027.[127] Here we propose two potential reforms for the government to consider at KS4, the point at which young people should first have the opportunity to access high-quality technical education.

Review the success of the Greater Manchester Baccalaureate (MBacc)

The MBacc is a new technical education pathway, championed by the Mayor of Greater Manchester, Andy Burnham. It aims to achieve a parity of esteem by providing an equal alternative to the traditional academic route via the existing English Baccalaureate (EBacc). The *Curriculum and Assessment Review* has proposed removing the EBacc measures.[128]

The MBacc framework preserves the core subjects of the EBacc, but supplements them with technical options valued by employers. Table 1 summarises the key differences in focus and content between the EBacc and MBacc.

123 Leibniz Institute for Educational Trajectories, Tracking and Sorting in the German Educational System, June 2019.

124 European Centre for the Development of Vocational Training (CEDEFOP), Vocational education and training in Europe: Netherlands August 2023, n.d. Accessed: https://www.cedefop.europa.eu/en/tools/vet-in-europe/systems/netherlands-u3.

125 CSJ, Going Dutch: Devolving employment support and adult education to tackle economic inactivity, September 2024, pp. 123-134.

126 DfE, Curriculum and Assessment Review: Analytical annex to the final report, November 2025, p. 19.

127 DfE, Curriculum and Assessment Review: Building a world-class curriculum for all, November 2025, p. 120.

128 Ibid, p. 10.

Table 1: The EBacc and MBacc

Aspect	English Baccalaureate (EBacc)	Greater Manchester Baccalaureate (MBacc)
Core GCSE Subjects	English (Language & Literature), Maths, Sciences.	English (Language & Literature), Maths, Sciences + ICT/Computing.
Typical Optional Subjects	Emphasis on academic options: e.g. Modern Foreign Languages, History or Geography.	Emphasis on technical/creative options: e.g. Engineering, Design & Technology, Business Studies, Creative Arts.
Intended Progression	A-Levels and University degrees (traditional academic route).	T-Levels, apprenticeships, technical qualifications, or degree apprenticeships (vocational route).
Work Experience Component	Not explicitly required under EBacc framework.	Work experience "hard-wired" into pathway – at least 50 hours in Years 9–11, plus industry placements to connect learning to jobs.

The idea of the MBacc emerged after a public consultation in 2023. This highlighted that around two thirds (64 per cent) of Greater Manchester's young people do not currently pursue the EBacc, highlighting a need for a parallel technical pathway.[129] In July 2023, Andy Burnham formally unveiled plans to create 'two clear, equal routes at 14', with the MBacc as the technical route, and the EBacc as the academic route.

The Greater Manchester Combined Authority coordinated the design of seven sector-themed 'gateways' for MBacc students, each aligned to growth industries in the city-region, including construction. The MBacc launched as a pilot in schools starting in September 2024, guiding year nine pupils in their GCSE choices and year 11 leavers into post-16 technical routes.[130]

The success of the MBacc will be measured by its uptake, its sustainability, and most importantly, the outcomes for the young people who choose this pathway. If Greater Manchester can show that a significant cohort of students who, through the MBacc, secured skilled jobs, apprenticeships or further qualifications that they might not otherwise have achieved, then the MBacc will provide an example of a schooling that strengthens the link between education and work and nurtures educational ambition.

Currently, the focus is on Greater Manchester's schools and their year nine students who are making their first MBacc-aligned subject choices. Reviewing the beginning of this project will be crucial to evaluating whether other areas in England could adopt the MBacc as a model.

RECOMMENDATION

The DfE should launch a review of the effectiveness of the MBacc, with a focus on examining how it could be rolled out in other parts of England.

129 Greater Manchester Combined Authority (GMCA), Mayor unveils new plan for equal pathways to technical education and university for school leavers, May 2023. Accessed: https://www.greatermanchester-ca.gov.uk/news/mayor-of-greater-manchester-unveils-plans-to-create-two-equal-pathways-for-young-people-pursuing-technical-careers-and-those-applying-for-university/.

130 GMCA, Andy Burnham unveils plan to turbo-charge growth in Greater Manchester with new technical education route the Greater Manchester Baccalaureate, July 2024. Accessed: https://www.greatermanchester-ca.gov.uk/news/andy-burnham-unveils-plan-to-turbocharge-growth-in-greater-manchester-with-new-technical-education-route-the-greater-manchester-baccalaureate/.

Launch a new technical GCSE option

The second reform the government should consider is designing a new practical technical qualification for young people to study at KS4 as part of their GCSE subjects. This would give young people the opportunity to explore a technical pathway at an earlier stage, in addition to Design and Technology, which has been in long-term decline as a subject.[131]

A new construction related technical qualification at GCSE was proposed by several organisations during our public call for evidence and consultation, including the CIOB, who have advocated for a built environment GCSE as part of the national curriculum, to help improve the attractiveness of construction as a career path.[132] In Northern Ireland, a GCSE for construction and the built environment became available in 2017, and in Autumn 2021, it became available to schools in Wales.

In Scotland, Foundation Apprenticeships are available to KS4 equivalent pupils. Lasting one or two years, Foundation Apprenticeships are available at the same level as a Scottish Higher and are designed to lead onto a job, or higher-level apprenticeship.[133]

A Foundation Apprenticeship in construction is available at Scottish Credit and Qualifications Framework (SCQF) level four and five, equivalent to level one and two in England.[134] Whilst a review of Foundation Apprenticeships in 2022 noted areas for improvement, including progression pathways onto higher apprenticeships, better alignment between schools and training providers, and tackling high learner withdrawal rates,[135] CSJ consultation with stakeholders revealed a belief that Foundation Apprenticeships have real value in giving young people a route through to employment from school.

The latest report on Foundation Apprenticeships, published in June 2025, found that in 2022, 1,230 students enrolled on a construction Foundation Apprenticeship.[136] In the same year, 65.5 per cent young people studying a Foundation Apprenticeship at SCQF levels four and five achieved a full achievement, with a further 15 per cent making a partial achievement.[137] In 2022 over half of those who enrolled at this level were enrolled on a construction Foundation Apprenticeship.[138] In Aberdeenshire, Foundation Apprenticeships have led to an improvement in student outcomes, particularly for those from more disadvantaged backgrounds, as shown in the case study below.

131 Education Policy Institute, et al., A spotlight on Design and Technology study in England: Trends in subject take up and the teacher workforce, March 2022, p. 10.
132 Ibid, p. 31.
133 Skills Development Scotland, Foundation Apprenticeships Progress Report, July 2025, p. 5.
134 Ibid, p. 5.
135 Education Scotland, Foundation Apprenticeship Provision in Scotland Review, March 2022.
136 Scottish Funding Council, Foundation Apprenticeship Report, June 2025, 10.
137 Ibid, p. 23.
138 Ibid, p. 10.

Case Study: Foundation Apprenticeships in Aberdeenshire

Aberdeenshire Council's Foundation Apprenticeship model has delivered measurable improvements in attainment, engagement, and progression outcomes for young people.

The approach has produced consistently positive results. Students completing a Foundation Apprenticeship achieve increased average attainment of 61 per cent. Among students taking Foundation Apprenticeships, the poverty related attainment gap has been reversed. This means that among pupils completing a Foundation Apprenticeship, those from more deprived backgrounds outperformed their better-off peers.

Attendance among Foundation Apprentices has risen by around 30 per cent, and engagement in learning by over 50 per cent. Almost eight in ten students say they feel more confident about their futures, and around half report improved mental health.

The model has also strengthened post-school transitions. 98.5 per cent of Foundation Apprenticeship students move into a positive destination after leaving school, compared to 96 per cent of all Aberdeenshire leavers. Nearly half progress into employment, including Modern Apprenticeships, which is well above the regional and national average. In an indication of the progression pathway that has been established between school and technical options post-16, almost half (45.9 per cent) of those who study a Foundation Apprenticeship in Aberdeenshire go on to a Modern Apprenticeship at post-16, compared to 8.3 per cent across Scotland as a whole.

Mentoring and employer engagement have been central to this success. 96 per cent of employers say they would host a Foundation Apprentice again, and 94 per cent of students say mentoring improved their understanding of the workplace.

Demand now exceeds available places. In 2024/25, the council received enough applications to deliver more than 1,000 additional Foundation Apprenticeships if funding had allowed.

The Aberdeenshire model shows that a well-structured technical option at secondary school, with input from employers, can improve attainment, engagement in education, and employment outcomes.

Note: data in this case study was provided to the CSJ by Aberdeenshire Council.

As well as showing promising results in places like Aberdeenshire, evidence suggests that a technical option at GCSE would be popular with young people across the UK. Polling for the CIOB in March 2025 found that over half of 16–24-year-olds would have been interested in studying a GCSE in the built environment.[139] These findings have been reflected in our conversations with young people over the course of this inquiry. Young people spoke positively about a construction related subject being available at GCSE. Teachers also explained that having a practical element which gave students greater enjoyment and purpose in education would help with behaviour problems.

> *"There should just be the option to do it [construction] in high school, rather than just waiting for college, that would have helped me [with school] ten times better."*
>
> **Young person**

139 CIOB, Attitudes Towards Construction Careers, March 2025, p. 2.

> *"If you had a pathway at school, where you didn't have to do geography, or a language, or whatever, but if you could do construction or a practical element, then there would probably be a massive reduction in behaviour issues and engagement problems."*
>
> **Construction trainer and charity leader**

In Blackpool, the Blackpool Skills Academy, a social enterprise working with 11–16-year-olds in alternative provision, spoke emphatically about their support for a practical construction related option at GCSE. They emphasised that, at the age of 14, there is still time to engage young people in education and set them on a positive pathway for adulthood, whereas at 16, it becomes much more difficult if they have disengaged with school, and not achieved adequate GCSE grades.

> *"What's good for mental health is focused activity, building a wall, fitting a kitchen… Foundation Apprenticeships are a wonderful idea…if you give 14-year-olds to employers they will be the most enthusiastic workers."*
>
> **Blackpool Skills Academy**

We recommend that the DfE, in partnership with employers, design and implement a new technical pathway at KS4 for young people to choose as a GCSE. This should be modelled on the built environment GCSE available in Northern Ireland and Wales, as well the Foundation Apprenticeship in Scotland. Any qualification should have practical skills and opportunities at its core and not be assessed primarily by written work. It should be available at level one and two, as in Scotland, to ensure learners of different capacities are able to access the qualification at an appropriate level.

RECOMMENDATION

The DfE should introduce a new optional technical GCSE pathway for pupils in KS4. This would give young people the opportunity to pursue a practical, work-focused subject alongside their academic options. This qualification should be designed in partnership with employers and modelled on the success of the Built Environment GCSE in Northern Ireland and Wales, and Foundation Apprenticeship in Scotland.

The qualification should have practical skills and workplace opportunities at its core, rather than relying primarily on written assessment. It would replace one optional GCSE subject and be available at level one and two, as well as include a work-based challenge assessment co-designed with employers. This would give young people a clear line of sight into apprenticeships, T Levels, V Levels or level two pathways, whilst improving engagement and behaviour in school by offering a purposeful, hands-on technical pathway for students.

2.3 Further education

FE refers to any study after secondary school that is not part of higher education. It covers a wide range of courses and qualifications. In construction, FE programmes typically range from level one to three and are grouped under the sector subject area (SSA) 'construction, planning and the built environment.' For the purposes of this report, we treat apprenticeships as a distinct form of training, discussed separately in the next section, and refer to the SSA group as construction courses.

Whilst not exhaustive, FE providers can be categorised into four broad types:

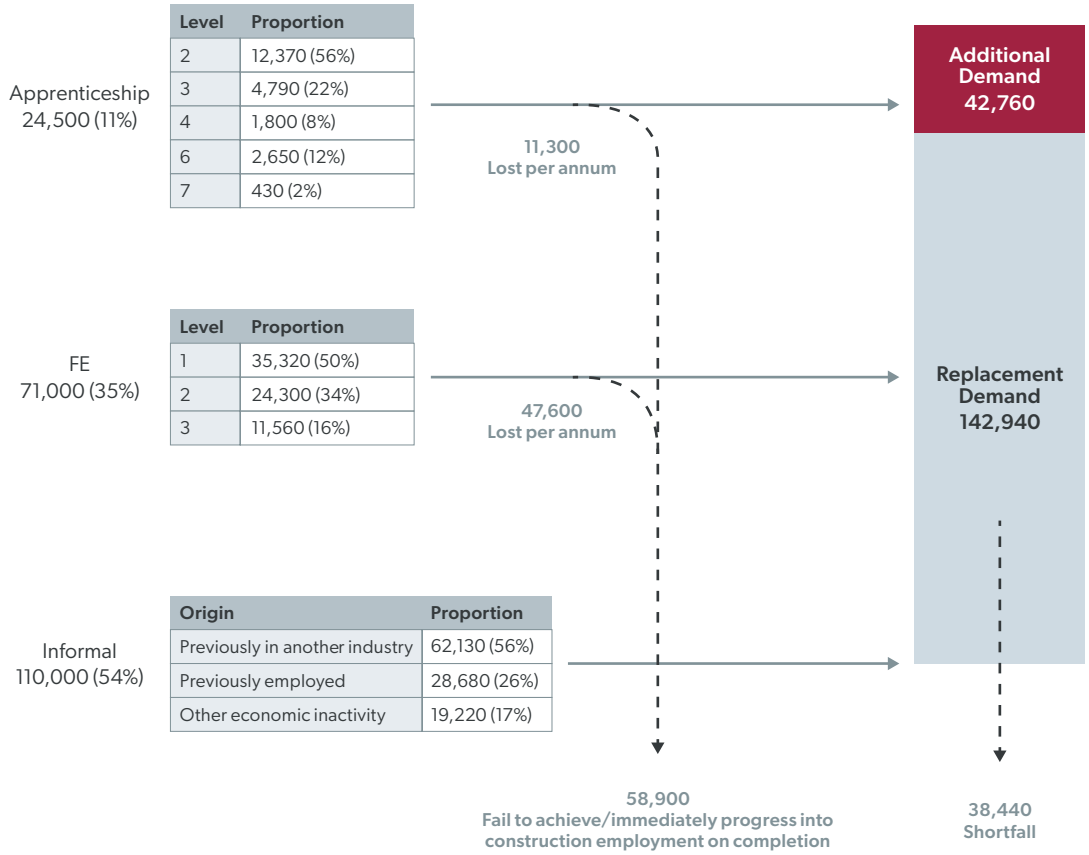
- **General FE colleges including tertiary (FE colleges)** are institutions providing a range of academic, technical, and vocational courses for people aged 16+.
- **Sixth form colleges** focus almost entirely on academic education for 16-19-year-olds generally through the provision of A-Levels.
- **Private sector public funded providers** are independent training providers (ITPs) that are privately owned organisations that deliver training including the majority of apprenticeship starts in England (66.7 per cent of starts in 2023/24).[140]
- **Other public funded providers.**

FE is the critical conduit for preparing the future construction workforce. It is where, for the first time, most young people are able to specialise in occupationally related qualifications, like construction. However, at present, FE is not providing an effective progression pathway into the industry. Few courses adequately equip learners with the skills they need to enter work in construction, resulting in the majority of FE leavers failing to find work in the industry quickly after completing their course.

In February 2025, the CITB estimated that 71,000 people completed a level one, two or three qualification in construction. Their analysis also shows that over two thirds (67 per cent) of FE leavers did not progress into construction employment on completion of their course. Full flow data can be seen below in Figure 15.

140 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

Figure 15: Projected flows into construction in England, 2023/24



Source: CSJ re-creation of CITB projected flows into construction in CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.

These statistics indicate that there is a significant absorption problem from FE into the construction industry. Whilst demand for skilled labour exists, thousands of potential workers are not entering the industry. This absorption problem has been recognised by the government in the *Post-16 Education and Skills White Paper*. The White Paper states that "students are studying courses which should lead into sectors with skills gaps, but many are not progressing to work in those areas."[141]

Data provided to the CSJ by the CITB helps us to better understand the destinations of construction learners. Approximately:[142]

- A third (33 per cent) of construction FE trainees enter the industry quickly after completing their course.
- 20 per cent move into employment and 13 per cent move into an apprenticeship.
- 29 per cent move into other construction training (not an apprenticeship).
- 18 per cent move into another industry.
- Three per cent move into a non-construction course and two per cent do something else.
- 14 per cent move into unemployment, equating to around 9,940 young people.

141 DfE, et al., Post-16 Education and Skills, October 2025, p. 40.

142 Data provided to the CSJ by the CITB.

In Part One, we showed that the most important explanation for the 'leaky pipeline' from FE to work is that few apprenticeship and employment opportunities are offered by SME construction firms. In Part Two, we show how this problem is compounded by a construction curriculum which fails to adequately equip learners with the skills and competencies they need to progress into skilled work in the industry.

2.3.1 Reforming the construction curriculum

The courses and qualifications that make up the construction curriculum in FE are currently undergoing a major review. The government intends that T Levels become the main level three pathway for young people who are confident about working in a certain occupational area. V Levels have also been announced as an alternative path for students who want a more mixed, vocationally oriented, study pathway at level three.[143] The government has also announced plans to develop two pathways at level two, one designed to lead into level two occupations, and the other into further study at level three.[144] At the time of writing, these reforms are being consulted on.

Our research identified two key areas within the construction curriculum requiring reform. These regard the lack of qualifications that currently meet industry competency standards, and an absence of employability skills among learners.

Qualifications that meet industry requirements

The post-16 construction curriculum does not adequately prepare FE leavers for work in the industry. There is a gap between the qualifications students can obtain in classroom-based FE provision, and what employers require. Often this means FE leavers finish a course and find out that they actually need to obtain further qualifications to work in a skilled trades role in the construction industry.

The CITB state in a recent report on FE that "employers largely perceive that the current construction curriculum does not keep up with industry needs."[145] This is in part related to the difference between 'occupation-related non-competence qualifications' and 'occupational competence qualifications.'

Occupation-related non-competence qualifications are delivered in off the job simulated environments, like a classroom or college environment. They provide learners with the foundational knowledge for working in a skilled trade like carpentry or bricklaying. These qualifications are often offered at level two and three in FE.

Occupational competence qualifications, often known as NVQs, are designed to validate theoretical knowledge in a real on-site working environment. They demonstrate that a worker meets industry standards for a specific skilled occupation. A level two NVQ is often a minimum requirement for many construction employers or agencies to work in a skilled trades role.

CSCS state that not a single occupation-related non-competence qualification at level two or above meets industry NVQ standards.[146] The result of this is that thousands of FE leavers cannot find skilled work in the construction industry after completing a construction course. A level two NVQ is often a minimum requirement for many construction employers or agencies to work in a skilled trades role. To obtain a

143 Ibid, p. 36.
144 Ibid, p. 37.
145 CITB, Understanding Further Education in Construction, June 2025, p. 3.
146 CSCS Group, Annual Review 2024, January 2025.

CSCS Blue Skilled Worker card, an individual must have completed a recognised apprenticeship, or level two NVQ.

Definitions: CSCS Cards

CSCS cards provide proof the individuals working on UK construction sites have the appropriate training and qualifications for the job. Whilst not a legal requirement for construction workers to hold a CSCS card, many employers require possession of one.

CSCS issues thirteen different cards. The Labourer card is often the first step for a person looking to start a career in construction, this is a low skill card. The Blue Skilled Worker card is for those who have achieved a construction related NVQ level two or a CSCS recognised apprenticeship. The skilled worker card authorises an individual to work in a skilled trade such as bricklaying, roofing, plumbing, carpentry and electrical work.

Without an apprenticeship or NVQ level two, FE leavers looking to work in the occupation they studied have limited options for progression, or even workplace entry. This represents a significant loss of young people's potential each year, as well as a waste of resources across the FE sector. The problem has been articulated by the Lee Marley Group, in evidence submitted to the House of Commons Education Select Committee they said:

> *"We see many [learners] that have completed these courses that think they are 'bricklayers' only to discover that they cannot get work."*
>
> **Lee Marley Group**[147]

The CITB have highlighted similar frustrations about the inadequacy of level two qualifications which are viewed as inferior by employers compared to apprenticeships.[148] They also note dissatisfaction from employers with the Higher National Certificate, and Higer National Diploma routes, as learners cannot attain skilled worker status as a result.[149] Learners enrolled on FE construction courses are also broadly aware of this, with level two qualifications viewed more as a 'stop-gap', rather than as a pathway into the industry.[150]

Effectively tackling the construction skills shortage will require absorbing more workers from FE into the industry. These learners have already made a decision to study a construction related course, and have the foundational knowledge to work in the sector. Any attempt to attract new entrants into studying construction will fail unless the government and industry can resolve the broken pipeline between FE and work.

We recommend that within the new post-16 pathway outlined in the *Post-16 Education and Skills White Paper*, the government commit to reforming the construction curriculum so that level two and above construction courses provides competence in the given occupation. The government have indicated their

147 Lee Marley Group, Written evidence (FES0012) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, March 2025.
148 CITB, Understanding Further Education in Construction, June 2025, p. 8.
149 Ibid, p. 9.
150 Ibid, p. 8.

intention to provide learners with the opportunity to work towards competence in plans for occupational certificates at level two.[151]

For predominately classroom-based courses to provide occupational competence, whilst maintaining industry recognition, employer engagement in the delivery of FE courses would need to increase considerably. Otherwise, the industry could refuse to acknowledge new level two standards that are intended to provide eligibility for a CSCS Blue Skilled Worker card.

If consultation with the construction industry confirms that new FE qualifications cannot provide learners with the appropriate competency to be eligible for skilled worker status, the government should work with the industry to create a non-apprenticeship route, enabling FE leavers to enter the industry and complete free or subsidised NVQ assessments, supported by on-site mentoring, quickly after completing their FE course.

This would ensure that learners without an apprenticeship still have a structured route into skilled roles. Delivery would depend on strong partnerships between the government, NVQ providers, and employers willing to host and accredit trainees over a period of time. The government could utilise new investment in construction skills bootcamps to provide FE learners with a pathway to achieving an NVQ level two, taking into account self-employment patterns, and the precarity of work in the industry.

Employability skills

Employability skills, often defined as 'soft' skills, are the training and behaviours needed to sustain work. They include communication and teamwork, decision making, organisation and adaptation, as well as the basics of abiding by standards of behaviour like turning up on time and being polite.

Data reveals that construction employers believe that entrants into the industry lack many of these 'soft' employability skills. CSJ analysis of the DWP Employer Survey shows that:[152]

- Over half of construction employers (52 per cent) who had recruited or attempted to recruit staff said that a low number of applicants had the required attitude, motivation or personality.
- Nearly two in three (62 per cent) construction employers who had recruited through an apprenticeship scheme said that the individual was not job ready when they joined.

Construction employers told us that a lack of employability skills were often the main reason why they had not employed or retained an apprentice or young person. Employers expressed their frustration that the curriculum failed to embed these skills. These concerns have also been recognised by strategic authorities who work in partnership with FE and employers. The West Midlands Combined Authority told us that: "Based on our evidence, existing 16-18 sector study programmes fail to sufficiently prepare learners for employment, particularly with transferable skills such as communication." Employers spoke bluntly about the lack of work ethic among many young people they had employed.

151 DfE, et al., Post-16 Level 3 and Below Pathways: Government consultation, October 2025, p. 35.

152 CSJ analysis. DWP, DWP Employer Survey, May 2025.

> *"The modern youngster is all about, 'I want a McDonalds now,' and 'I want high pay now,' the subcontracting system is just too enticing for them in terms of money [because] they might be able to make [money] immediately without investing in their future."*
>
> *"We've just let about six apprentices go at the end of their apprenticeships, and it was a combination of the workforce being [too] big for the pipeline that we've got, and that most of them were horrifically gormless, there's no one home."*
>
> **Construction firms**

These quotes are particularly blunt and demonstrate the breakdown in trust between employers, FE providers, and young people. On the other hand, one employer said that the reality was more 'mixed', saying that "work ethic varies a lot," and that older generations often look down on young people. What these experiences signal is a broader collapse of the social contract as it relates to employers offering job opportunities in trades to younger entrants. For centuries, the cornerstone of recruitment into industries like construction has been 'masters' taking responsibility for training their 'apprentices,' with younger workers dedicating time and effort to learning their trade. This historic and cultural understanding of how learners progress into skilled work is fraying, and in many cases, has broken down.

To tackle this problem, we recommend that employability principles are embedded in every pathway of the post-16 construction curriculum. Learners should also be given a realistic experience of what it is actually like to work on a construction site. Evidence suggests that colleges and employers overwhelmingly attribute site experience as a major influence on the learner, and that this often makes the difference between progressing into a construction career or not.[153] We suggest that all construction courses offered in FE contain at least three days of work experience with an employer, as recommended by the CITB.[154]

The importance of site experience and non-classroom-based learning should be emphasised in reforms to level two and three construction qualifications. For most learners, an apprenticeship is a better option than a classroom-based course. The government should ensure that learners are supported to leave a classroom-based pathway in favour of an apprenticeship at any point during their studies.

153 CITB, Understanding Further Education in Construction, June 2025, p. 8.

154 CITB, Written evidence (FES0223) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, April 2025.

RECOMMENDATION

The DfE, in collaboration with Skills England, strategic authorities, the construction industry, and relevant industry bodies, should launch a review into the appropriateness of all construction courses offered in FE. The review should be designed to drive significant long-term reform to the construction curriculum and ensure that qualifications align with industry occupational requirements.

Apprenticeships should remain the cornerstone of workforce entry. All FE providers should support learners on study programmes to move into an apprenticeship during their course if they secure employment. Transferring to an apprenticeship should be considered a positive destination.

Priorities for reform include:

- Every course should include modules on employability skills and a minimum of three days' work experience with an employer.
- Learners should receive a free CSCS card as part of their course and be encouraged to undertake work experience, or part-time employment alongside study.
- Skills England and awarding bodies should expand modular pathways within courses, enabling training providers to select optional modules that reflect local labour market needs, while maintaining national occupational standards.
- Courses should be designed around employer demand. In the short term, the introduction of V Levels and new level two pathways should prioritise greater employer involvement in course design and delivery, including greater opportunities for work experience placements and on-site learning. In the longer term, outcomes-based metrics should be integrated into the funding system, with a per-learner supplement linked to sustained employment or apprenticeship progression, alongside a guaranteed base of per-student funding. This would reward FE providers for delivering strong labour market outcomes.
- Every level two and above construction course should equip learners with the occupational competence equivalent to a level two NVQ, so learners are able to achieve a CSCS Blue Skilled Worker card on the achievement of their course. Where classroom delivery cannot meet industry standards, the government should convene training providers and employers to develop a non-apprenticeship pathway providing FE leavers with free or discounted NVQ assessment, and on-site mentoring. This could be funded via investment into new construction skills bootcamps. This pathway would ensure learners without an apprenticeship offer still have access to a structured route into skilled employment. Delivery would depend on strong partnerships between government, FE and NVQ providers, and employers willing to host and accredit trainees over a period of time.

2.3.2 The recruitment and retention of construction teachers

The recruitment and retention of teachers is a significant challenge for the FE sector, with around one in four FE college teachers leaving the profession after one year.[155] In addition to this, there are specific challenges regarding the teaching of construction courses which compounds the issue. One of these challenges is to do with the industry knowledge, or lack thereof, of construction teachers.

This was identified by the *2023 ITB review* which found that, in addition to sector-wide challenges with recruitment and retention, there was a "lack of currency of teachers relative to workplace expectation and new methods/regulations."[156] In other words, too few teachers understand current industry practice and methods. As well as an unsatisfactory curriculum, some teachers are not familiar with modern industry practices. This results in a double disadvantage for some construction learners at college, who leave without employer recognised qualifications, as well as outdated knowledge of industry practices.

> *"The quality and standard of technical education at most colleges is exceptionally poor. In many cases students are taught by teachers that have no practical experience of qualification in their subject and have no awareness of industry standards and requirements. Put simply, teachers that can't lay bricks should not be teaching students how to lay bricks!"*
>
> **Lee Marley Brickwork**[157]

There are two main causes of the shortage in construction teachers. Firstly, recruiting construction teachers from the sector is difficult. The disparity in pay between FE and the construction industry means there is little financial incentive to become a teacher.[158] Secondly, retaining teachers is a significant challenge. The House of Commons Education Select Committee has summarised broader issues contributing to retention problems in FE as "pay disparities, excessive workloads, limited professional development and job insecurity."[159]

The National Audit Office estimates that FE colleges will need between 8,400 and 12,400 additional teachers by 2028/29 to meet demographic pressures and to offer T Levels.[160] Furthermore, CSJ analysis of teacher vacancies in FE show that construction had the highest number of unfilled vacancies by the end of the 2023/24 academic year (responding providers only) with 342 vacancies across England. This is a vacancy rate of 7.1 per 100 jobs, the sixth highest out of all subject areas after environmental conservation, geology, economics, functional skills and (SEND) communication.[161]

Leeds College of Building noted that "recruiting industry experienced staff is increasingly difficult because of pay differentials, creating a significant barrier to expanding apprenticeship provision. While delivery continues, addressing this challenge is essential for future growth, something the newly formed construction technical excellence colleges aim to work on collaboratively, with sector bodies and government."

155 IFS, What has happened to college teacher pay in England?, March 2023, p. 3.
156 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 183.
157 Lee Marley Group, Written evidence (FES0012) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, March 2025.
158 DfE, 2023 Industry Training Board (ITB) review: Transforming the construction workforce, January 2025, p. 123.
159 House of Commons Education Select Committee, Further Education and Skills, September 2025, p. 87.
160 National Audit Office, Teacher workforce: secondary and further education, April 2025, p. 4.
161 CSJ analysis. DfE, Further education workforce data up to academic year 2023/24, May 2025.

Langley, a roofing and waterproofing company, told us that "there's a real lack of trainers and talent in the construction sector, and the quality of training is increasingly dependent on a stretched workforce to raise quality and standards. That's exactly why we've made it a strategic priority to invest in the next generation. Through our dedicated training centre, we deliver niche apprenticeship programmes for the roofing sector that equip learners with the skills, pastoral support, and hands-on experience they need to thrive in roofing sector. We're committed to being part of the solution."

To ensure learners in college are given the best possible experience and are taught the most relevant skills to prepare them for work in the construction industry, the government needs to tackle the shortage in skilled construction teachers as a matter of urgency.

The *Post-16 Education and Skills White Paper* contain several proposals which would help to improve the recruitment and retention of construction teachers. This includes a new professional development pathway for FE teachers, and industry exchange programmes to ensure teaching stays up to date.[162]

To go further, the government should strengthen existing incentives to encourage new entrants into teaching construction, including the Targeted Retention Incentive which has recently been expanded to include construction as an eligible subject group. This provides FE teachers with a retention payment of up to £6,000 for the academic year if they are in their first five years of teaching.[163] The efficacy of the Targeted Retention Incentive for construction teachers should be monitored by the DfE to understand how effective it has been in reducing the flow of construction teachers out of the sector.

The government could also extend FE Initial Teacher Education (ITE) bursaries to construction. ITE bursaries support the training of FE teachers in high-priority subject areas by providing a bursary of up to £31,000 during training.[164] To further incentivise industry professionals to train in FE, we suggest the following measures.

RECOMMENDATION

To help address the shortage of construction teachers in FE, the DfE should pursue a targeted package of measures:

- **Extend FE ITE bursaries to construction, planning and the built environment.** Construction is a high shortage area, yet trainee teachers are not currently eligible for FE ITE bursaries. A bursary of up to £31,000 for construction trainee teachers would bring parity with other shortage subjects. Capping bursaries at around 350 trainees, broadly equivalent to current unfilled posts, would cost around £10.9 million.
- **Target career changers through a refreshed recruitment campaign.** The DfE should embed industry exchange into the teaching of all construction courses in FE. This should include the development of a pathway for industry professionals to teach part-time in FE. The DfE could offer an incentive to teach part-time in FE, mirroring the existing £6,000 Targeted Retention Incentive, to offset any loss of earnings during teaching. This could be funded from within the £200 million given to LSIPs to build partnerships between construction companies and FE providers.

162 DfE, et al., Post-16 Education and Skills, October 2025, pp. 31-32.

163 DfE, Targeted retention incentive payments for FE teachers, September 2025.

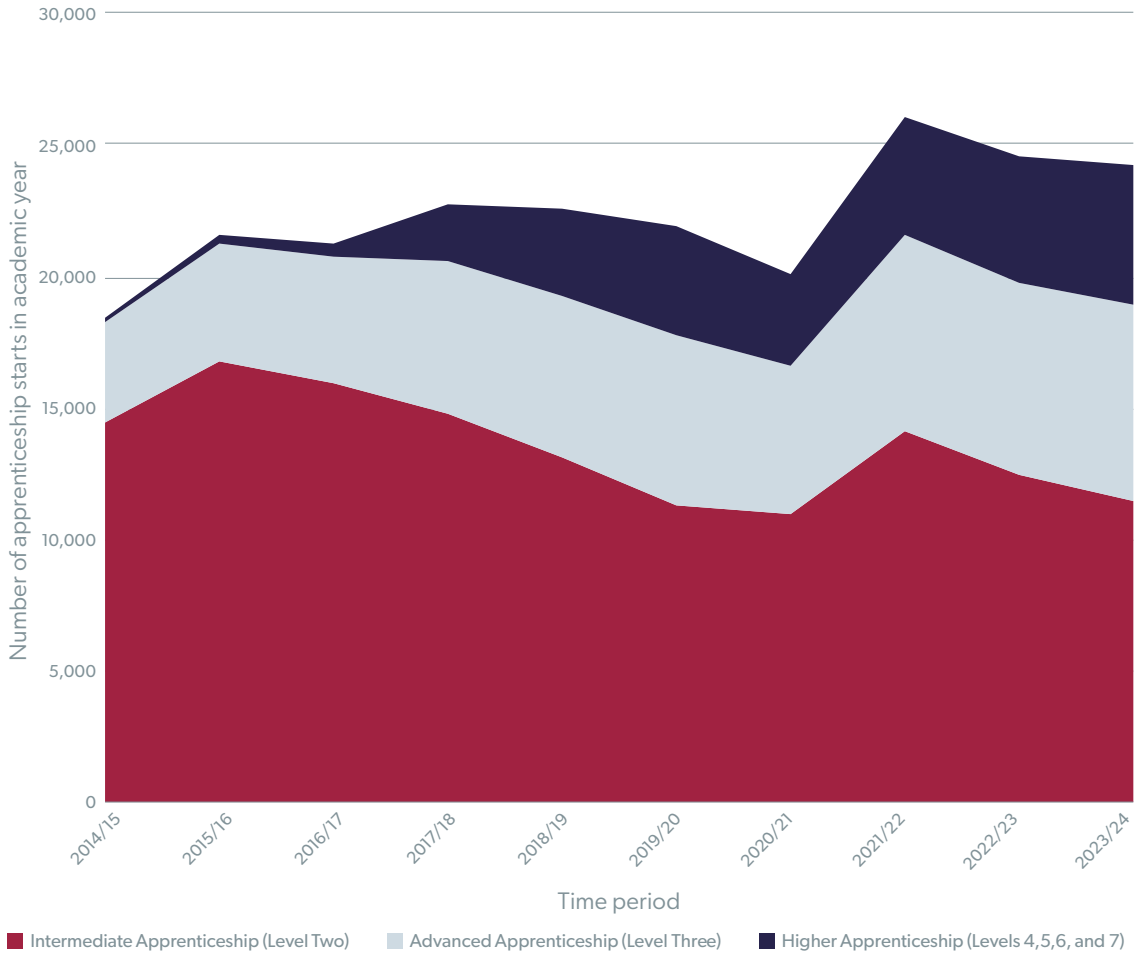
164 DfE, FE ITE bursary funding manual 2025 to 2026, October 2025.

2.4 Apprenticeships

Apprenticeships allow individuals to combine employment with structured learning, both on the job and through study at a training provider. As outlined above, apprenticeships are considered the 'gold-standard' for training in the construction industry. However, demand for construction apprenticeships far outstrips supply. The CITB estimate that around three times the number of apprenticeships starts are needed to keep pace with demand.[165]

In 2023/24 there were 65,230 construction apprentices enrolled across England.[166] Across the same period, there were 24,230 construction, planning and built environment apprenticeship starts in England. Neary half (47 per cent) of these were level two apprenticeships in standards like bricklaying, carpentry, roofing and groundwork. 31 per cent of starts were in level three apprenticeships and 22 per cent were level four and above. The breakdown of construction apprenticeship starts by level from 2014/15 to 2023/24 can be seen below in Figure 16.

Figure 16: Number of construction, planning, and built environment apprenticeship starts by level in England, 2014/15-2023/24



Source: CSJ analysis of DfE apprenticeships data for academic years 2014/15 to 2023/24.

165 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 6.

166 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

Whilst the provision of level four and above apprenticeships are important, we are particularly concerned about expanding access to level two and three apprenticeships, as key entry points into skilled construction trades and operative roles. Levels are only an indication of how technical standards map onto academic pathways. Levels are no help in indicating the true value of occupations, or indeed the skill needed to undertake them. For the construction industry, level two and three standards are the most important, and in demand, as shown by significant skills shortages in skilled trades and operative roles.

Polling confirms the importance of level two apprenticeships. Analysis by the British Association of Construction Heads found that nearly six in ten construction employers say that level two apprenticeships are the most important for their business (58 per cent of construction employers said this, compared to 33 per cent of all employers).[167]

Evidence submitted to the CSJ also reinforced the importance of level two apprenticeships. The principal of South and City College Birmingham said: "A major factor has been and still is the removal of level two apprenticeships in most construction and other vocational areas…level two apprenticeships were one of the acknowledged entries for construction entrants and led seamlessly into level three apprenticeships in many areas where this level was a requirement for the industry. These need to be reintroduced, the entry at level three simply does not work for very many companies and prospective entrants."

Therefore, it is particularly concerning that the number of level two apprenticeship starts have fallen from 14,390 in 2014/15 to 11,430 in 2023/24, when in the same period the number of starts in higher-level apprenticeships increased. Not only does a shortage in level two apprenticeships compound the skills shortage, but it also contributes to a lack of opportunity for disadvantaged young people. CSJ analysis shows that level two apprenticeships are disproportionally undertaken by individuals from deprived areas.[168]

In 2023/24, nearly one in four people (23 per cent) starting a level two construction apprenticeship were from the most deprived areas in England (highest quintile of deprivation), compared to just 12 per cent of people starting a level four and above apprenticeship coming from the most deprived areas in England.[169] As construction employers have noted, level two apprenticeships are critical conduits for progressing people from training into the industry, and offer a valuable route into work for those from disadvantaged backgrounds.

Changes to the apprenticeship system

In 2020, the CSJ published *Trade Secrets*, a review of the apprenticeship system in England, which outlined the significant reforms undertaken by the Coalition and Conservative governments from 2010 onwards.[170] This included the introduction of the Apprenticeship Levy in 2017, under which employers contribute 0.5 per cent of their annual wage bill if they are a certain size. Employers are able to recover these sums, alongside a ten per cent top-up, if they use them to pay for apprenticeship training with accredited providers.[171]

Non-levy payers operate in a world in which apprenticeships are effectively capped. They can apply to reserve funding, but have to pay five per cent of the cost of training themselves, and applications will not necessarily be approved.[172] As of April 2024, the government fully funds training costs for apprentices aged between 16 and 21, and those aged 22 and 24 years old with an EHCP.[173]

167 British Association of Construction Heads (BACH), Construction Apprenticeship Achievement rates crisis: Good practice solutions, September 2024, p. 23.

168 CSJ, Trade Secrets: How to reboot apprenticeships and kick-start the recovery, August 2020, p. 30.

169 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

170 CSJ, Trade Secrets: How to reboot apprenticeships and kick-start the recovery, August 2020, pp. 23-25.

171 DfE, Apprenticeship funding, May 2025.

172 DfE, Apprenticeship funding for employers who do not pay the apprenticeship levy, May 2025.

173 Apprenticeships, Funding an apprenticeship for non levy employers, n.d. Accessed: https://www.apprenticeships.gov.uk/employers/funding-an-apprenticeship-non-levy.

In addition to concerns that the decline in level two apprenticeships has disproportionately impacted the most disadvantaged, there has also been a trend away from younger people under the age of 19 starting apprenticeships, and towards employed adults undertaking higher level apprenticeships. Across the whole apprenticeship system, from 2014/15 to 2023/24, there was a 37 per cent fall in the number of under 19s starting apprenticeships.[174] Across construction apprenticeships, in 2014/15, 56 per cent of apprenticeship starts were by individuals under the age of 19. By 2023/24, this proportion had fallen to 50 per cent.[175]

The government should aim to increase the number of young learners undertaking level two apprenticeships in construction. These standards are valued by employers and are a critical entry route into important shortage occupations across the industry. It is therefore welcome that the government has promised to remove funding from level seven apprenticeships to support a more flexible offer at lower levels.[176]

As part of this offer, the government has introduced Foundation Apprenticeships, eight-month programmes at level two, in industries like construction. These reforms are a welcome attempt to address a serious problem in apprenticeship uptake, especially among under-19s, but evidence is yet to emerge whether these latest reforms will be effective. Success should be measured by the proportion of apprentices who progress into skilled work in the construction industry, or into other apprenticeship or occupational competence study programmes.

In Part One we considered how to incentivise employers to offer apprenticeships to young people through the introduction of a Future Workforce Credit. Here we consider how to improve the design and delivery of construction apprenticeships, so that more young people are able to access the best quality provision. We identify three key areas for reform. Firstly, improving retention, secondly, addressing insufficient funding bands, and thirdly, reforming English and maths requirements.

2.4.1 Improving apprenticeship retention

Too many construction apprentices fail to achieve their apprenticeship. In 2023/24, just 56.7 per cent of construction apprentices achieved their standard. Whilst over half completed their training, over two in five construction apprentices did not achieve it.[177] Disadvantage is also an indicator of apprenticeship achievement. CITB analysis shows that the most disadvantaged apprentices are less likely to achieve their apprenticeship than their better off peers. In 2022/23, fewer than half of construction apprentices from the most deprived quintile achieved their apprenticeship, compared to over half of apprentices from less deprived areas.

Table 2: Achievement rates by deprivation level in England among construction apprentices (2020/21-2022/23)

Time period	1 (most deprived) (%)	2 (%)	3 (%)	4 (%)	5 (least deprived) (%)
2020/21	54.8	55.9	61.6	61.6	60.8
2021/22	47.1	51.8	56.3	56.3	57.1
2022/23	47.7	51.6	55.8	55.8	54.3

Source: CSJ re-creation of CITB achievement rate by deprivation level in CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 9.

174 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

175 Ibid.

176 HC Deb 2 June 2025, vol 768. Apprenticeships and Skills Training (HCWS672).

177 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

Tackling the construction skills shortage will require an increase in the number of individuals completing apprenticeships. Of first importance is retaining those already undertaking such training. Without resolving the problems leading to low achievement rates, thousands of apprentices will continue to drop out of the industry each year.

Our research has highlighted four key problems to address in order to improve construction apprenticeship retention. These are: perverse incentives caused by section 106 agreements, apprenticeship assessment, the duration of apprenticeship programmes, and the financial difficulties experienced by some apprentices.

Section 106

A section 106 agreement is a legally binding planning obligation that requires a property owner or developer to make a contribution to mitigate the impact of a development. This could include a financial contribution, building affordable housing, or specific infrastructure like a school, GP surgery, or sports centre. It can also be used to mandate developers to create and provide local apprenticeships.

There is significant potential for section 106 agreements, and public procurement more widely, to support and nurture skills development, and incentivise the hiring of apprenticeships. However, our research has identified serious problems within the current regulatory framework which has led to perverse incentives for construction companies to make apprentices redundant due to arbitrary rules laid down in section 106 agreements by local authorities.

This is associated with the practice of local authorities asking that apprentices live in postcodes within their respective locality. Although at first glance, this appears a reasonable request, in reality it causes chaos for construction firms and apprentices themselves. This is because apprentices are rarely on one site, in one locality, for enough time to complete their apprenticeship. They often cannot start work in another area, as different local authorities typically require apprentices to be local residents. This can incentivise employers to make an apprentice redundant, and employ a new one to avoid penalties from the local authority.

Recent analysis has found that the main reason construction apprentices did not complete their training was due to being fired or made redundant.[178] Whilst this is related to employability issues among some apprentices, high levels of redundancy are in part caused by unreasonable section 106 requirements. Analysis from 2024 found that 28 per cent of construction apprenticeship non-completers said being fired or made redundant was the reason they left their apprenticeship, compared to 11 per cent across all apprenticeships.[179]

Redundancies caused by perverse incentives within section 106 agreements create a cycle of short-lived placements and premature dropouts, which undermines both young people's prospects and the sector's skills base. The way section 106 agreements are used by local authorities is an example of tokenistic virtue-signalling, whereby councils are able to achieve 'positive' statistics on apprentice starts from their locality, despite perpetuating a broken apprenticeship system which is complicit in worsening the construction skills shortage and undermining the opportunities of young people.

Problems with section 106 apprenticeship requirements has been noted by several organisations. In evidence submitted to the House of Commons Housing, Communities and Local Government Select

178 BACH, Construction Apprenticeship Achievement rates crisis: Good practice solutions, September 2024, p. 16.
179 Ibid, p. 16.

Committee, the CITB said that "overly restrictive criteria limiting employers ability to recruit from certain postcode areas in the locality, are having a detrimental impact on construction skills and apprenticeships rather than supporting them."[180]

The City of London's *Skyline Skills Recommendations Report* has also identified similar problems, stating that the practice of local authorities insisting that apprentices either work on a single project, or only within their borough, poses significant challenges for completing the programme.[181]

One education expert told the CSJ that the way section 106 worked was a "disaster for young apprentices" and that reworking the system was "fundamental for any meaningful and fast change." They highlighted examples where local authorities set apprenticeship targets that firms cannot realistically meet, with the effect that councils collect financial penalties instead. In effect, this is local government profiteering at the expense of young people and their outcomes.

Section 106 incentives should be reformed to reward the retention and completion of apprenticeships, rather than focusing narrowly on apprenticeship starts from certain postcodes. LPAs should be required to prioritise apprenticeship retention, and to accept individuals from beyond their local authority boundaries. To achieve this, MHCLG should issue mandatory guidance that section 106 agreements must emphasise completion and retention, not starts, and that apprentices should be drawn from across the respective region, instead of individual local authorities.[182] If necessary, these reforms should be secured through amendments to the *Planning and Infrastructure Bill*.

RECOMMENDATION

MHCLG should issue mandatory guidance to ensure that apprenticeship clauses in section 106 agreements incentivise completion and retention, rather than starts. Local authorities should be prohibited from requiring apprenticeship starts to be from their locality. Instead, local authorities should only be permitted to ask that apprentices are drawn from across the wider region (International Territorial Level 1) rather than being restricted by borough. National guidance should reinforce this principle, and if necessary, the government should amend the *Planning and Infrastructure Bill* to put guidance on a statutory footing.

Apprenticeship assessments

The government should reform the way that apprenticeships are assessed to improve achievement and completion rates. At present, the way end point assessments (EPAs) currently operate are leading some young people to not complete their apprenticeships due to delays in assessments taking place. Furthermore, experts told us that some young people choose to leave their apprenticeship after securing key trades qualifications prior to EPA.

Delays to EPAs taking place are contributing to some apprentices not completing or achieving their apprenticeship. This is because of the time it takes for some apprentices to get assessed (the training

180 CITB, Written evidence (HLV0009) submitted to the House of Commons Housing, Communities and Local Government Select Committee, Delivering 1.5 million new homes: Land Value Capture inquiry, February 2025.

181 City of London Skills for a Sustainable Skyline Taskforce, 'Creating a Skilled Workforce for Central London's Sustainable Skyline': Skyline Skills Recommendations Report 2023, p. 41.

182 International Territorial Levels 1 (ITL1) in England are the: North East, North West, Yorkshire and the Humber, East Midlands, West Midlands, East, London, South East, and the South West.

provider is not permitted to conduct the EPA). Leeds College of Building explained "that for a limited number of standards, extended intervals between resits and the availability of EPA assessors can lengthen the time apprentices need to complete their programmes. This reflects challenges within particular standards rather than a system-wide issue."

These frustrations have been reflected by organisations like the AoC, who have highlighted that 43 per cent of colleges had experienced a delay of three months or more for apprentices to complete their EPA.[183]

In recognition of this, the government has made a welcome commitment to reform EPAs and published a consultation on proposed changes in June 2025.[184] The DfE intends to allow apprenticeship assessment to take place on programme, rather than exclusively at the end, and to permit training providers to deliver and mark elements of assessment, subject to external quality assurance. These reforms aim to make EPAs more flexible, reduce bureaucracy, and increase completion rates. The CSJ strongly supports these changes and urges the government to prioritise construction apprenticeship standards during a transition to any new assessment framework.

RECOMMENDATION

The DfE should implement in full its proposals to reform apprenticeship assessments, enabling providers to deliver and mark elements on programme, with appropriate oversight. Construction should be treated as a priority sector for transition to a new regulatory framework for apprenticeship assessment, given high non-achievement rates.

Furthermore, the DfE should consider reforming the awarding of certificates and qualifications within apprenticeships so that individuals are not able to receive key industry qualifications until their apprenticeship has been fully completed. This would remove a major incentive to drop out early, and strengthen achievement rates across construction apprenticeships.

Shorter construction apprenticeships

On average, a traditional construction apprenticeship lasts between 24-30 months.[185] Experts told us that the length of construction apprenticeships can contribute to individuals dropping out early, as apprentices are attracted by higher paying work elsewhere.

At a roundtable, construction firms told the CSJ that the offer of immediate returns through subcontracting in less-skilled roles causes some apprentices to drop out. One company said: "We'll probably get about halfway through [the apprenticeship], and then they'll [the apprentice] be stolen by a subcontract middleman that's operating for a larger contractor."

Despite recognition that shorter apprenticeship standards could increase levels of achievement, experts told us that there is no shortcut to becoming competent in a skilled trade. Shorter apprenticeships should not come at the expense of quality and competence among the workforce. Leeds College of Building emphasised the importance of balancing the need to address skills gaps quickly, with the need to

183 Association of Colleges, Changes to end point assessment step in right direction says AoC, February 2025. Accessed: https://www.aoc.co.uk/news-campaigns-parliament/aoc-newsroom/changes-to-end-point-assessment-step-in-right-direction-says-aoc#:~:text=A%20recent%20AoC%20survey%20identified,apprentices%20to%20complete%20their%20EPA.

184 The Office of Qualifications and Examinations Regulation, Regulatory framework for apprenticeship assessment, June 2025.

185 DfE, et al., New skills hubs launched to get Britian building, November 2024. Accessed: https://www.gov.uk/government/news/new-skills-hubs-launched-to-get-britain-building.

maintain high-quality training. Ensuring that apprentices have sufficient time to develop the knowledge, skills, and behaviours required for sustained employment is essential. This means that the quality of training provision needs to be improved to allow apprentices to complete their training faster, whilst ensuring that individuals remain just as competent.

Emerging evidence suggests that apprentices trained through block-release programmes can become competent at a quicker rate than those trained through conventional day-release programmes. Most apprenticeships are structured around a day-release arrangement, whereby time in the workplace is interspersed with off the job training, often one day a week. This contrasts to a block-release arrangement, where apprentices have a longer period in the workplace, and at their training provider, often for weeks at a time.

Definitions

Day-release training involves time in the workplace often interspersed with off-the-job training - for example, a small portion per day or once a week. This is the most common model in England.

Block-release involves longer periods in the workplace, followed by more concentrated periods of off-the-job training, for example, one week at college every month. Front-loading helps apprentices hit the ground running, with an extended block of off-the-job training at the start of their apprenticeship, before any practical work experience has begun.

The benefits of block-release training have been shown by the NHBC in their provision of new accelerated apprenticeships. NHBC have partnered with the government to invest £100 million in 32 homebuilding skills hubs across the country, which, using block-release training, can deliver construction trades apprenticeships in 12-18 months instead of 24-30 months.[186]

Evidence suggests that the greater use of block-release training, within immersive, site-like training centres, can accelerate apprenticeship completion times, whilst ensuring individuals have all the workplace competencies needed for skilled work in the industry. During our inquiry, one expert told us that whilst long, linear apprenticeships were outdated, shorter qualifications would only work if replaced by robust and co-located alternatives on realistic construction sites.

NHBC's approach, providing training on realistic immersive sites, means they can qualify apprentices much faster than day-release training providers. They argue that this model is why retention and achievement rates are higher among their apprentices than the national average, citing achievement rates of 89.1 per cent as of March 2025.[187] This compares favourably to the national figure of 56.7 per cent in 2023/24.[188]

In light of evidence which suggests that block-release apprenticeship programmes contribute to faster delivery, whilst maintaining quality standards, the government should consider incentivising this approach over day-release arrangements.

Barriers to greater use of block-release arrangements for construction apprenticeships could include travel and accommodation costs for individuals who live far from their training provider. Under any expansion of block-release apprenticeship programmes, the DfE should work with the CITB to expand the 'Travel to Train' programme which uses CITB grant money to fund accommodation and travel costs

186 Ibid.

187 National House Building Council, Written evidence (FES0209) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, September 2025.

188 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

for construction apprentices. The NHBC has successfully utilised this programme in their block-release apprenticeship programme.

RECOMMENDATION

The DfE and Skills England should review apprenticeship funding bands so that block release delivery in construction apprenticeships is properly resourced and incentivised, reflecting its faster completion times and retention outcomes. Skills England should also promote block release as a preferred delivery model, ensuring that new technical excellence colleges, and homebuilding skills hubs, are able to support such training programmes. Public procurers, including local authorities, Homes England, and major contractors delivering public projects, should give preference in contract awards to firms that train apprentices through block release programmes.

Financial support

Low salaries and the prospect of better earnings elsewhere can cause some apprentices to not complete their training. In 2024, 44 per cent of construction apprenticeship non-completers named a low salary as a reason for leaving, compared to 22 per cent of all apprenticeship non-completers.[189]

In addition to low salaries, CSJ research in 2020 identified that the associated costs of an apprenticeship, like the cost of travel, posed a significant barrier to young people.[190] For construction apprentices, the CITB provides employers with a grant, where the cost of travel exceeds £20 per week, to fund the costs of travel for an apprentice to and from their training provider.[191] However, whilst making a positive difference for some apprentices, this grant is not available to every young person, and is dependent on the employer making an application. Other concessions available to apprentices vary depending on local authority.

Lads Need Dads, a CIC supporting young men in Essex, told the CSJ that travel costs and access to transport were a significant barrier for young men starting a construction career. Lads Need Dads works specifically with young men from single-parent families, many of whom face financial barriers that prevent them from taking driving lessons, buying a vehicle, or financing the associated insurance costs. Lack of access to transport significantly restricts their opportunities to start apprenticeships, particularly in rural or semi-rural areas where public transport is limited.

Young people interested in joining the industry, as well as their teachers, highlighted similar challenges in accessing reliable transport. One teacher told us that the cumulative costs of undertaking a construction apprenticeship led to many young people not achieving. Young people said it was unrealistic for companies to expect them to be able to pay for all the costs of a vehicle, in addition to learning how to drive. There is also a perceived cost to public transport which, without knowledge of the concessions available, make taking an apprenticeship feel unrealistic for young people, particularly those from disadvantaged backgrounds.

189 BACH, Construction Apprenticeship Achievement rates crisis: Good practice solutions, September 2024, p. 16.

190 CSJ, Trade Secrets: How to reboot apprenticeships and kick-start the recovery, August 2020, p. 83.

191 CITB, England Apprenticeship grants, n.d. Accessed: citb.co.uk/levy-grants-and-funding/grants-and-funding/apprenticeship-grants/england-apprenticeship-grants/#travel.

> *On the first year [of an apprenticeship], on £7.55 as an apprentice leaving school, having to get driving lessons, pay for insurance and a car, or you can go [work at] McDonalds, go to college full time and earn over £10 an hour. They re going to make that decision to get more money.*
>
> **Construction charity leader**

> *"How are we meant to have the money to pay for a vehicle, insurance and fuel."*
>
> **Young person**

> *"All the apprenticeships [providers] want us to make our way there but it's so expensive to learn how to drive, to get transport."*
>
> **Young person**

Other countries have made commitments to tackling the financial difficulties faced by apprentices. In Australia, the government has created a Key Apprenticeship Programme, which targets specific shortage occupations like construction. The programme provides a cash incentive of up to 10,000 AUD for eligible apprentices on top of their pay if they achieve their apprenticeship, alongside tailored support services to help an individual through to completion.

In Australia the number of individuals completing a construction apprenticeship has increased by more than one fifth (22 per cent) over the last year.[192] The number of electricians in-training rose by 2.4 per cent to around 45,900, while plumbers in training increased by 0.8 per cent to around 22,400.[193] Whereas in the UK, over the last available yearly period, the number of plumbers and bricklayers starting apprenticeships fell by 20 per cent and 17 per cent, respectively.[194] Across Australia, there were 78.7 construction apprenticeship starts per 100,000 people, whilst in England, starts were just 41.3 per 100,000 people.[195]

As a new initiative, the Australian Key Apprenticeship Programme most likely did not influence the statistics outlined above, they demonstrate that comparable countries have greater relative apprenticeship provision and participation than the UK. To increase retention among construction apprentices in England, the CSJ recommends that the government launch a Priority Apprenticeship Bursary, modelled on the Australian system. This could be funded by redirecting Growth and Skills Levy funds that are currently spent on graduates.

We recommend that for shortage occupations, the government provide a £5,000 bursary for eligible full-time apprentices. This should be targeted initially at the construction industry but could be expanded based on labour market demand. The payment of the bursary should be split into thirds over the lifetime of the apprenticeship. The first payment should be paid at six months after the apprenticeship has started, the second payment at achievement and the final payment after the individual has sustained full time employment in their respective occupation for six months following achievement.

192 CSJ analysis. National Centre for Vocational Education Research (NCVER), Apprentices and trainees data, August 2025.

193 Ministers of the Employment and Workplace Relations Portfolio, More apprentices to build Australia's future, September 2025. Accessed: https://ministers.dewr.gov.au/giles/more-apprentices-build-australias-future.

194 CSJ analysis. DfE, Apprenticeships data from 2021/22-2022/23, November 2024.

195 CSJ analysis. NCVER, Apprentices and trainees data up to March 2025, August 2025. DfE, Apprenticeships data up to academic year 2023/24, July 2025.

The DfE, in collaboration with Skills England, should determine what apprenticeship subjects should be eligible for the bursary payment. Assuming all level two apprentices who started a construction apprenticeship in 2023/24 were eligible for the full bursary, achieved their apprenticeship, and sustained six months of employment, this would have costed a maximum of £57.2 million.[196] As the achievement rate for construction apprenticeships in 2023/24 was only 56.7 per cent in 2023/24, this costing is likely an over-estimate. The Priority Apprenticeship Bursary could be funded by redirecting a portion of the £431 million of apprenticeship funding that was used by university graduates in the last year.[197]

RECOMMENDATION

The DfE and Skills England should establish a Priority Apprenticeship Bursary to improve retention in shortage occupations, beginning with the construction industry. The bursary should provide £5,000 to eligible full-time apprentices in recognised shortage roles, paid in three instalments over the lifetime of the apprenticeship and after sustaining employment.

The bursary should be funded by reprioritising Growth and Skills Levy funds currently supporting graduate-level provision, ensuring better value for money and greater impact on skills shortages. The DfE and Skills England should determine eligible subjects for the bursary based on labour market demand.

The financial pressures of taking part in an apprenticeship can be made more difficult by employers not paying their apprentice the right minimum wage.[198] The national minimum wage for apprentices in their first year of training is £7.55. Apprentices are entitled to the minimum wage for their age if they are aged 19 or over and have completed the first year of their apprenticeship.[199]

To support employers to meet their legal obligations, we recommend that the Apprenticeship Service (the online portal for managing apprenticeship funding) automatically notifies employers when an apprentice becomes entitled to a higher minimum wage (for example at the start of their second year or when they turn 19). This could take the form of an automated pop-up on the portal, reminding employers of minimum wage changes as an apprentice progresses.

RECOMMENDATION

The Apprenticeship Service should automatically notify employers when an apprentice becomes entitled to a higher minimum wage (for example, at the start of their second year, or on turning 19). This would improve compliance with legal obligations, protect apprentices from underpayment, and help tackle retention problems linked to low pay.

196 CSJ analysis. DfE, Apprenticeships data up to academic year 2023/24, July 2025. 11,430 individuals started a level two apprenticeship in 2023/24.

197 Social Market Foundation, A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships, January 2025, p. 10.

198 CSJ, Trade Secrets: How to reboot apprenticeships and kick-start the recovery, August 2020, p. 84.

199 Gov.UK, National Minimum Wage and National Living Wage rates, n.d. Accessed: https://www.gov.uk/national-minimum-wage-rates.

2.4.2 Funding bands for apprenticeship standards

The government has made a welcome commitment to improving the design and delivery of construction apprenticeships. However, without adequate funding, apprenticeships become too expensive for training providers to run, and employers lose trust in the quality of provision.

Educators and employers told us that despite the value of apprenticeships to the industry, perverse incentives within funding mechanisms for FE make it financially more viable for providers to run classroom-based courses, which the industry values less, than high-quality apprenticeship provision. In evidence submitted to the House of Commons Education Select Committee, Lee Marley Brickwork stated that there are "perverse outcomes [within FE] such as studying diplomas rather than apprenticeships."[200]

Leeds College of Building, a newly appointed construction technical excellence college told us that "the cost of delivering apprenticeships has risen faster than the associated funding. While colleges are not incentivised to prioritise classroom-based programmes, the difference between recent increases in 16-18 study programme funding and static apprenticeship funding creates additional financial pressure on apprenticeship delivery."

The Association of Colleges told us that "apprenticeship standards are subject to review; this does include a review of the maximum funding bands. An increase in maximum funding bands would mean that apprenticeship standards would be more financially viable."

In addition to lacking viability, there are concerns that level two apprenticeships are in long-term decline, despite being extremely important for skilled trades and operative roles. This is related to the issue of low funding bands for level two apprenticeships. Previous CSJ research has highlighted that 28 per cent of employers were deterred from offering apprenticeships due to low funding bands.[201]

The number of level two construction apprenticeships should be contingent on demand and quality. Feedback from the industry suggests that they will continue to be very important. Certain funding bands, especially at level two, do not cover the costs of high-quality training delivery. This undermines efforts to address the construction skills shortage and may be contributing to poor apprentice retention rates. A failure to properly fund level two apprenticeships also incentivises FE providers to prioritise classroom-based courses, which are valued less by the industry.

Skills England should play a stronger role in providing independent labour market and cost analysis, ensuring that apprenticeship funding reflects the realities of training delivery in construction. The DfE, drawing on this evidence, should revise underfunded bands and ensure that new standards, particularly those at level two, are approved swiftly where there is clear employer demand.

RECOMMENDATION

Skills England should provide independent analysis to inform apprenticeship funding decisions. The DfE should use this evidence to revise funding bands so that construction apprenticeships reflect the true cost of delivery, and should promptly approve new standards where there is demonstrable demand from employers.

200 Lee Marley Group, Written evidence (FES0012) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, March 2025.
201 YouGov, B2B Omnibus Survey, October 2019 in CSJ, Trade Secrets: How to reboot apprenticeships and kick-start the recovery, August 2020, p. 84.

2.4.3 Reforming English and maths requirements

As of February 2025, only apprentices who began their training when aged 16-18 will be subject to the mandatory requirement to study towards and achieve English and maths at the level relevant to their apprenticeship. For apprentices over the age of 19, the employer has the choice on whether they need to study towards an English and maths qualification.[202]

Reforms to adult apprenticeship English and maths requirements mark a significant change in delivery, and reflect years of growing concern that these requirements prevented many occupationally able individuals from completing their training and progressing into the industry.

The CSJ welcomes the decision to reform English and maths requirements for apprenticeships by removing the requirement to study towards the subjects for adults. Meeting English and maths requirements have been a particularly difficult barrier for some construction apprentices. CITB research shows that the resit requirements was a 'huge' source of frustration for learners.[203] Employers also share this frustration, with the CITB stating that many believe strong trade skills and work ethics are overshadowed by academic barriers.[204]

However, we share concerns raised by the House of Commons Education Select Committee, that removing English and maths requirements for adult apprentices has created an inconsistent system, which could result in employers hiring adult apprentices over 16–18-year-olds.[205]

To ensure that the apprenticeship system is fair to all learners, particularly those aged 16-18, we recommend that the government introduce a three-route system. This recommendation was first made by the House of Commons Education Select Committee, and would introduce a three-route system for all apprentices who have not attained grade 4 GCSE in English and/or maths based on their level of attainment at age 16, and their chosen apprenticeship.[206]

Crucially, whilst we agree that all apprentices should be supported to achieve the required skills in English and maths, we recommend that 16-18 year old apprentices should be able to achieve their apprenticeship, even if they do not achieve a grade four in English and/or Maths. This should be dependent on whether the respective subjects are an optional part of the standard itself, and whether the employer agrees that they do not need to be part of the training programme. This would bring rules for 16-18 apprenticeships in line with changes to 19 plus apprenticeships.

202 DfE, Apprenticeship funding rules: August 2025 to July 2026, July 2025, p. 21.

203 CITB, Learning to Earning: Increasing the number of FE learners who enter the construction industry, December 2020, p. 10.

204 CITB, Written evidence (FES0223) submitted to the House of Commons Education Select Committee, Further Education and Skills Inquiry, April 2025.

205 House of Commons Education Select Committee, Further Education and Skills, September 2025, p. 55.

206 Ibid, p. 56.

RECOMMENDATION

The CSJ echoes the recommendation of the House of Commons Education Select Committee that the DfE introduce a three-route model for all apprentices who have not attained grade four GCSE in English and/or maths based on their level of attainment at age 16 and their chosen apprenticeship.

- Route A: Apprentices, who based on their GCSE results at age 16 and prior attainment, have a realistic prospect of achieving grade four in English and/or maths should be supported to work towards those qualifications.
- Route B: Apprentices, for which the English and/or maths content required can be easily identified, should have that content built into the apprenticeship programme. Apprentices working towards a qualification with embedded English and/or maths content, which have been rigorously quality assured, may then be considered for exemption from the requirement to resit.
- Route C: Apprentices, who based on prior attainment, are very unlikely to attain grade four in English and/or maths, despite multiple resits, and who would benefit from pursuing a functional skills qualification in English and/or maths, should be supported to achieve a pass in that form of qualification.

As recommended by the CITB, the DfE should also remove the need for functional skills attainment prior to entering EPA. Apprentices should receive support to work towards a grade four in English and/or maths, or equivalent functional skills. However, their ability to complete an apprenticeship should not depend on achieving this grade if: (a) the subjects are optional within the apprenticeship standard, and (b) the employer agrees they are not necessary for the training programme.

2.5 Adult education

2.5.1 Creating a pathway from low skill to skilled work

Supporting adults to enter the construction industry, or access training to upskill, is crucial to tackling the shortage of skilled labour. As identified by organisations like the FMB, the construction industry's skills shortage is not primarily to do with a lack of new entrants, it is a problem of retention.[207] This is particularly true of the tens of thousands of individuals working in low skill labourer or general operative roles, who choose to leave the industry rather than progress into higher skilled occupations.

Labourers, also known as construction operatives, provide physical support on a building site and aid with a variety of tasks. Many labourers remain in this occupational category, and do not progress into higher skilled work. CSCS has found that there is an oversupply of labourer cards, with 120,880 being issued in 2024, compared to 79,878 skilled worker cards.[208]

The labourer group should be targeted with new opportunities for training and upskilling. Labourers have already taken an active interest in the construction industry, and many will have developed a portfolio of skills over time that could allow for fast competence assessment and transition into skilled work.

207 FMB, Construction doesn't have a recruitment problem – it has a retention problem, April 2025. Accessed: https://www.fmb.org.uk/resource/construction-doesn-t-have-a-recruitment-problem-it-has-a-retention-problem.html/.

208 CSCS Group, Annual Review 2024, January 2025.

CSCS indicate that many FE leavers currently apply for the Labourer card upon completing their course. To ensure that FE leavers have access to training and NVQ assessments, they have updated their requirements, so that those who have completed a level two or higher FE course can now apply for a Trainee card instead. This suggests that in the past, labouring roles on construction sites have been in high demand as a common entry point into the industry, for those without occupational competence qualifications, like NVQs or a recognised apprenticeship.[209] However, experts told us that the Trainee card would not provide a pathway to higher skilled work, unless holders are supported to achieve NVQ or similar qualifications.

Our research indicates that these opportunities are limited. For many labourers, there are no clear progression pathways to higher skill work. Data from the DWP Employer Survey reveals that over half (59 per cent) of construction employers think that there is no transparent progression pathway from entry level jobs to higher paid work.[210]

Fixed Construction told the CSJ that a lack of clear training pathways for construction labourers was a primary factor contributing to the skills shortage. They said that there was no structured or widely accessible way for labourers to achieve a level two NVQ which would make them eligible for a Blue Skilled Worker card. Due to the transient nature of construction work, many labourers are not on-site long enough to complete their NVQ assessments.

A lack of training opportunities and clear progression pathways for low skill workers in the construction industry is contributing to a significant retention problem. If the construction industry could retain more workers each year, this would make a significant difference to tackling the skills shortage. The CITB estimate that in a typical year, the sector needs to replace eight per cent of its workforce due to natural churn.[211] In a separate piece of the analysis, in 2023/24, the CITB estimated that 142,940 workers were needed to fill replacement demand caused by those leaving the sector.[212]

A large proportion of this churn occurs at the lower end of the labour market. CSCS analysis shows that 85 per cent of labourers do not renew their card when it expires, and feedback they received from construction employers highlighted that many workers leave the industry long before their labourer cards expire.[213] Reducing this churn, so that a greater number of low skill workers in the construction industry have the opportunity to upskill, should be a core ambition for the government in its mission to tackle the skills shortage.

The foundations on which to build a progression pathway from low skill to skilled work exist. In theory, a worker could start as a labourer and over time, with employer support, learn and accredit skills through NVQ assessments.

However, the reality of work in the construction industry makes achieving these qualifications difficult. The precarity and duration of much construction work, combined with high levels of self-employment in the industry, limit opportunities for labourers to access training. Opportunities for upskilling are highly dependent on employers being willing to invest in an individual worker through training them. This will often require direct employment and a commitment by the worker to remain at the respective firm.

Fixed Construction have attempted to overcome the challenges of the construction labour model to provide workers with opportunities for progression, through a skills passport app and careers co-pilot tool, to help workers identify the qualifications they need to progress into higher paying work. In the

209 Ibid.

210 CSJ analysis. DWP, DWP Employer Survey 2024, May 2025.

211 CITB, The Construction Workforce Outlook: The United Kingdom, June 2025, p. 12.

212 CITB, Construction Apprenticeships: Opportunities, Challenges, Support, February 2025, p. 5.

213 CSCS Group, Validity of first CSCS Labourer Card reduced to two years, October 2024. Accessed: https://www.cscs.uk.com/news/validity-of-first-cscs-labourer-card-reduced-to-two-years/.

Post-16 Education and Skills White Paper, the government announced Skills England would engage with industries on the development of skills passports for workers to document competencies.[214] Skills passports would be particularly valuable for industries like construction, where organisations like Fixed are already showing their value.

Case Study: Fixed Construction Careers Passport

Fixed Construction, a recruitment and training agency, was founded from the issues Henryk, the co-founder, experienced in the industry with finding work. The nature of work in construction is fluid, and requires a constantly evolving portfolio of skills, learning and practical experience. A static CV does not reflect the reality of working in the industry. If an individual is developing new skills on site, they need to be able to add these to their CV and share it with employers regularly to ensure they are being matched with the right job opportunities, but this rarely happens in practice.

Fixed have designed an app to solve this problem, allowing construction workers to build out digital profiles detailing their work experience, training, references, projects they've worked on, and more detailed tasks they have undertaken. The app allows Fixed to match workers with highly relevant job opportunities and make sure they never miss out on account of not having their CV updated.

Fixed are also developing a fully-fledged career co-pilot. This will help to guide workers towards the experience and training courses they should be undertaking in order to advance their careers. Fixed help workers identify gaps in their training, as well as courses that will help them build on skills they already have. One of the biggest problems Fixed see is the lack of guidance regarding careers in construction, and this problem is only getting worse as older, more experienced workers, exit the industry, leaving behind a mentorship gap. This often leaves workers feeling directionless and unaware of how they can continue progressing.

The government should work with the construction industry to develop a clearer and accessible progression pathway from low skill to skilled work in construction, targeting FE leavers without an apprenticeship and those working in labouring roles across the industry.

We recommend that this takes the form of an 'earn as you train campaign', with the government taking a convening role, supporting FE, training providers, and construction employers in developing a better pathway from low skill to skilled work, with the ambition that every person working in the construction industry has the opportunity to upskill.

The government should commit to using the £100 million new investment in construction skills bootcamps to increase access to modular training courses, supported by employers, and NVQ assessments for FE leavers and labourers who want to progress into higher skilled work.

214 DfE, et al., Post-16 Education and Skills, October 2025, p. 16.

RECOMMENDATION

The DfE should use new investment in construction skills bootcamps to launch an 'earn as you train' skills campaign that specifically targets FE leavers without an apprenticeship and labourers in the construction industry. This campaign could be delivered through FE providers, Jobcentre Plus, major construction contractors, and labour agencies.

Construction skills bootcamps should make provision for learners to access and achieve industry recognised occupational competence qualifications like NVQs. NVQs and other courses at skills bootcamps should reflect the reality of precarious employment in the construction industry and provide a stable foundation for learners to achieve qualifications in modular stages and at different places of work. Simulated assessment off-site should be considered for learners who are unable to be assessed at their place of work.

An 'earn as you train' pathway, guaranteed by government funded training and assessment, would offer workers in low skill roles a clear progression pathway to skilled worker status, opening up opportunity and increasing the supply of skilled labour.

To incentivise employers to offer NVQs and other relevant qualifications, the government should consider using section 106 agreements and procurement rules to set targets on the number of NVQs taken and achieved by workers on site. This would incentivise employers to invest in their workforce, even if they are not directly employed.

RECOMMENDATION

MHCLG should issue guidance that requires section 106 agreements and public procurement contracts for construction projects to include measurable targets on NVQ completion and other employer supported qualifications. This would incentivise developers and contractors to invest in the skills of their workforce, including self-employed and agency labour.

The government should also consider utilising the Growth and Skills Levy to increase training opportunities for self-employed construction workers. The government has made a welcome reform to the apprenticeship funding system by allowing the Growth and Skills Levy, as a replacement for the Apprenticeship Levy, to be spent on shorter courses.

Greater flexibility in the use of Growth and Skills Levy funds is welcome and important for industries like construction, where short, modular based training courses can quickly help workers progress into higher skilled jobs.

To better support workers in construction where a high proportion are self-employed, the government could consider further reforms to the Growth and Skills Levy which would permit self-employed workers to access funds for training. This would provide an incentive for self-employed workers in the construction industry to upskill at less of a financial cost.

RECOMMENDATION

The DfE and DWP should consider reforms to the Growth and Skills Levy which would permit self-employed workers to access funding for training.

2.5.2 Helping adults out of work into the construction sector

Growing economic inactivity is one of the greatest economic and social challenges facing the government. In *Wasted Youth*, the CSJ found that there are over 741,000 more economically inactive 16-to-64-year-olds now than there were in January 2020.[215] The overall cost of economic inactivity is on track to reach £100 billion by the end of the decade.[216]

As outlined in Part One, the Future Workforce Credit would offer a clear incentive for employers to hire and train NEET young people in construction trades. This would help reduce the proportion of FE leavers moving into unemployment.

In addition to this, the government should support efforts to attract economically inactive adults into the construction industry. Data shows that there are large number of economically inactive adults who could work in the construction industry with the right support. CSJ analysis of the LFS shows that approximately four per cent of all unemployed people previously worked in the construction sector. This equates to around 46,673 people who are currently unemployed that have construction work experience.[217]

In the CSJ's *Going Dutch* report, we outlined several examples of successful labour market interventions from the Netherlands and Scandinavian countries. One such intervention has been made in Denmark, where the government incentivised unemployed adults to participate in technical education and then seek work in relevant jobs.

Case Study: Lessons from Denmark on incentivising technical training and employment

During the recovery from the Covid-19 pandemic, Denmark combined generous unemployment benefits with vocational training schemes to support people into shortage occupations. The Educational Lift scheme targeted unemployed adults over the age of 30 to retrain in vocational shortage occupations in industries like construction. Individuals who took part in a training course received 110 per cent of their normal unemployment benefit during the course.[218]

After completing their training, individuals had the opportunity to enter the labour market under Denmark's supplementary unemployment benefit rules. These rules allow claimants to work part-time, and receive partial unemployment benefits for up to 30 weeks within their two-year benefit period. Unlike UC, benefits are reduced according to hours worked, and not by an income taper. This allows for greater income security. For example, if a person worked 70 hours in one month, the Danish government would supplement unemployment benefits for 90.33 hours. If the job ends quickly or work is irregular, claimants can return to full benefits immediately, with no reassessment.[219]

The Danish Government saw a significant increase in people undertaking vocational training through the Education Lift scheme, compared to when training was offered alongside slightly reduced benefits. This shows that with adequate remuneration and incentives, individuals on unemployment benefits are likely to engage in vocational training.

215 CSJ, Wated Youth: Helping Britain's young adults into work, August 2025, p. 10.

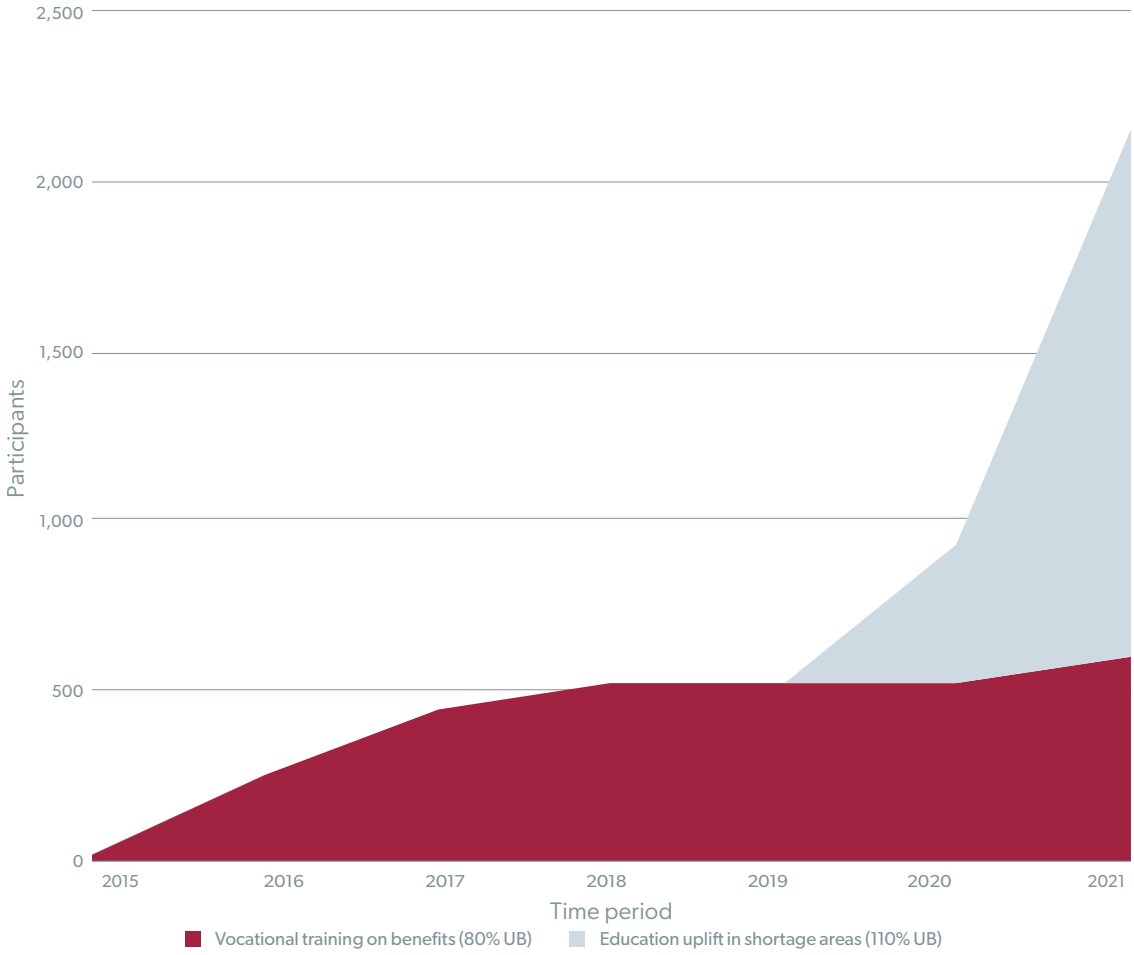
216 CSJ, Sickness benefits pay £2,500 more than a job new data reveals, July 2025. Accessed: centreforsocialjustice.org.uk/newsroom/cost-of-welfare-2025.

217 CSJ analysis. LFS 2025 Q3.

218 CEDEFOP, Timeline of VET policies in Europe: Education lift Denmark, 2024. Accessed: cedefop.europa.eu/en/tools/timeline-vet-policies-europe/search/43074.

219 Akademikernes A-kasse, Working part-time, n.d. Accessed: www.aka.dk/en/your-situation/unemployed/receiving-unemployment-benefits/working-part-time/.

Figure 17: Take up of the Danish measure 'Educational Lift in shortage areas'



Source: CSJ re-creation of Figure 5.5 in OECD, Nordic Lessons for an Inclusive Recovery? Responses to the Impact of Covid-19 on the Labour Market, 2023, p. 155.

We recommend that the Danish example form the basis of new government guidance which streamlines access to relevant technical training for those out of work. Guidance is currently unclear, which hampers efforts to support inactive people into the construction industry.

There are three key lessons from Denmark for the UK. First, the Danes actively incentivise participation in vocational training in shortage occupations, whereas UK rules are uncertain. In Denmark, unemployed adults aged 30 plus receive 110 per cent of their usual unemployment benefit while undertaking approved technical training in shortage sectors, with no risk of losing entitlement. By contrast, in the UK, participating in training, particularly full-time vocational courses, can put health-related benefit entitlement at risk because it may trigger a reassessment of a person's capacity for work.

This issue was highlighted in Channel 4's documentary *Inside Britain s £48 Billion Benefits Scandal*.[220] One claimant, Michael, had been on long-term sickness benefits for two years and wanted to begin a plastering course at a local FE college. He was told by the DWP that starting the course could "cost him his benefits." Because he was classed as having 'limited capability for work,' the Jobcentre explained that enrolling in a vocational course with work-related elements could result in the loss of all his sickness-related benefits.

220 Channel 4 Documentaries, Inside Britain s £48 Billion Benefits Scandal, December 2024. Accessed: https://www.youtube.com/watch?v=hVQZdjBu20k.

Unlike Denmark's system, which rewards and protects those who retrain, the UK system disincentivises training for economically inactive people with no work requirements. This is despite the fact that many in this group want to work. Previous CSJ analysis found that around 700,000 people on sickness-related benefits say they want to work if given the right support.[221]

Secondly, the UC taper system is complex and can create uncertainty. In construction, where employment is often short-term and irregular, moving from a fixed monthly benefit to a variable UC payment that depends on earnings can discourage people from returning to work. The risk of unpredictable income and potential delays in recalculation acts as a disincentive.

By contrast, the Danish unemployment insurance system offers a clearer and more secure arrangement. When people take up part-time or short-term work, their benefits are reduced in line with the hours worked, not tapered by income. This provides a guaranteed top-up that is simple and predictable, incentivising work, while still subject to a maximum benefit cap and a 30-week time limit.

Thirdly, Denmark's system provides security for people moving into part-time or short-term work. If work is insecure, or hours are not available, individuals can return to their full unemployment benefit immediately, without reassessment. This removes the 'cliff edge' seen in some welfare systems, where returning to work carries the risk of losing benefit entitlement if the job does not last, or sickness worsens.

This problem is particularly acute in the UK, where there is a sharp divide between inactive health-related benefits with no work requirements and UC with work requirements. Moving back into the health-related no-work-requirements category after a failed job attempt can be risky and uncertain, often involving a new Work Capability Assessment and delays. The result is that many do not want to take the risk of trying work.

To address this, the CSJ recommended an 'Into Work Guarantee' in 2023, offering claimants a cast-iron commitment that if they try work, they can return to their previous health-related benefits without a new assessment if their condition worsens or the job ends.[222] The government has since adopted this proposal under the 'Right to Try Guarantee,' which as of June 2025 is on the statute book.[223]

RECOMMENDATION

The DWP should reform benefit rules to incentivise participation in vocational training and work in shortage occupations, particularly within the construction industry. The DWP should issue immediate guidance, making clear that participation in vocational or technical training should not, in itself, trigger a Work Capability Assessment or the loss of Limited Capability for Work status.

This change could be targeted initially at priority sectors such as construction, where skills shortages are acute, helping to boost participation while reducing long-term welfare spending.

The DWP should also ensure that the Right to Try Guarantee is fully implemented and communicated across Jobcentres, so that individuals receiving health-related benefits can enter work without the risk of losing their entitlement, and can return to their previous status quickly if work is not sustained.

221 CSJ, Going Dutch: Devolving employment support and adult education to tackle economic inactivity, September 2024, p. 13.

222 CSJ, Over 700,000 on sickness benefits want to work Centre for Social Justice analysis reveals, May 2025. Accessed: https://www.centreforsocialjustice.org.uk/newsroom/over-700000-on-benefits.

223 HC Deb 30 June 2025, vol 770. Welfare Reform (HCWS755).

Conclusion

This report has outlined how the government can tackle the root causes of Britain's construction skills shortage. Unless the government can address these challenges, namely a dysfunctional labour model and a broken education and training system, then the government will be unable to meaningful address the construction skills shortage and build 1.5 million new homes.

Fixing Britain's construction skills shortage has never been more urgent. The evidence outlined in this report shows that the construction workforce is in near terminal decline. The average age of a construction worker has crept up over decades and employment in the industry as a proportion of total employment is at its lowest in nearly 100 years. Unless the government and industry can work together to reverse these trends, then it is unclear whether Britain will be able to build the housing and infrastructure it so desperately needs.

We suggest 26 recommendations which would address the root causes of the construction skills shortage and effectively increase the number of skilled workers in the industry.

List of Recommendations

RECOMMENDATION 1

The DfE should deliver in full the recommendations it has accepted from the *ITB review* within the lifetime of this Parliament. In parallel, the DfE and CITB should consult on reforming the CITB levy to make its use more flexible and better reflect the structure of the modern construction workforce. This should include enabling a wider range of organisations to access levy funds, including labour agencies that wish to take responsibility for training, and self-employed workers seeking to upskill and demonstrate occupational competency. The consultation should consider how to broaden access, while maintaining industry confidence and safeguarding the levy's proper use.

RECOMMENDATION 2

HMRC should strengthen enforcement against bogus self-employment and misuse of the CIS scheme. This should include expanding the capacity of HMRC to investigate and prosecute fraudulent schemes, including those involving fake payroll companies, which leave workers liable for unpaid tax. It should also include new guidance on the use of CIS, so that workers who are effectively employees are given every possibility to become directly employed. Labour agencies and payroll companies should be required to provide greater clarity on deductions, ensuring that workers receive clear payslips and understand their tax position.

RECOMMENDATION 3

The Home Office should re-introduce the Resident Labour Market Test to require UK employers to advertise vacancies to domestic workers before offering them to applicants under a work visa scheme. The Home Office should work with DBT to ensure that construction employers who hire self-employed workers also advertise vacancies to domestic workers first.

RECOMMENDATION 4

Within plans for a Brownfield Passport, MHCLG should require LPAs to approve planning applications by default when they comply with a locally adopted design code, except where specific, pre-defined exclusions apply. The longer-term objective should be to move towards a system of automatic consent for applications that meet locally agreed design standards.

RECOMMENDATION 5

MHCLG should lead a cross-government review of existing and planned regulations affecting the construction industry, to ensure that environmental and building safety standards are properly aligned with housing and infrastructure goals. This review should provide the clarity and certainty needed for the sector to plan investment, build workforce capacity, and maintain delivery, while also assessing the trade-offs between regulatory requirements and construction output. As part of this, the government should examine the efficacy of regulations that have constrained delivery, ensuring that standards remain proportionate, and do not unintentionally stall the development of much-needed homes and infrastructure.

RECOMMENDATION 6

The government should introduce a Future Workforce Credit to incentivise employers to recruit and upskill NEETs aged 16-24. The Credit would be set at 30 per cent of an employee's salary. It would be worth approximately £5,850 for a 19-year-old employee working full-time (37.5 hours), more than the apprenticeship incentive and NICs relief combined. For a construction apprentice earning £7.55 per hour, working 37.5 hours a week, the Future Workforce Credit would be worth approximately £4,417 per year. The Credit would be paid in two halves: the first upfront and the second after six months, with proof of the NEETs continuing employment.

To be eligible, the employee must be aged between 16-24 and have been NEET for at least three months before recruitment. They must have been resident in the UK for at least three years. Employers would apply to HMRC for the Credit when hiring a NEET. HMRC would verify NEET status by cross-referencing PAYE returns, data from the National Pupil Database and Individual Learner Records, and DWP records. This will require a data sharing agreement between HMRC and the relevant departments.

The NEET should not have to be claiming benefits to be eligible for the Credit, to capture the 'other' NEETs not claiming benefits. The onus should also be on HMRC to verify the employee's NEET status, not on the employer to prove it, to keep the barriers for employers as low as possible. The application process means the Credit is not automatic and applies only to new employees, so that it directly influences employment decisions.

We estimate that the Credit will cost £670 million and return £765 million to the Exchequer through additional personal taxes and lower welfare spending. The initial outlay for the Credit can be partially covered by ending the NICs relief for under 21s and apprentices under 25, the apprenticeship incentive, and following through with the government's plans to remove UC Health eligibility from claimants under 22-years-old.

RECOMMENDATION 7

The DfE should work with MATs to embed employability principles and activities systematically into secondary education. Ofsted should strengthen accountability by giving greater weight to high quality employability skills provision when schools are being evaluated for personal development.

RECOMMENDATION 8

The DfE should strengthen the role of LSIPs in supporting schools to deliver on their Baker Clause obligations by widening access to high-quality work experience, particularly in construction. LSIPs should convene major local employers to sign up to a 'work experience pledge', guaranteeing placements for disadvantaged pupils each year. This should underpin the national ambition that every pupil should have access to at least two weeks of meaningful work experience by the age of 16.

RECOMMENDATION 9

The DfE, working with the Health and Safety Executive and major insurers, should launch a joint review into the barriers preventing young people, particularly those under 18, accessing meaningful work experience in construction. The review should identify practical and regulatory reforms to enable safe and supervised access to construction sites for education-related activities, and recommend industry-wide best practice models that can be adopted by employers and schools.

RECOMMENDATION 10

The DfE should design and pilot a regional construction work experience scheme for KS4 pupils. The pilot should provide a minimum of two weeks supervised, educational work experience on live construction sites, giving young people a clear line of sight into construction careers. The DfE should work with Skills England on stakeholder coordination, overcoming regulatory, insurance, and safeguarding barriers to make these opportunities deliverable at scale after the pilot has finished. This pilot could be launched in the West Midlands where young people are the least likely of any region to have work experience.

RECOMMENDATION 11

Local authorities should provide schools with guidance on engaging with third sector organisations to provide mentoring programmes and enrichment activities, including practical training.

RECOMMENDATION 12

The DfE should launch a review of the effectiveness of the MBacc, with a focus on examining how it could be rolled out in other parts of England.

RECOMMENDATION 13

The DfE should introduce a new optional technical GCSE pathway for pupils in KS4. This would give young people the opportunity to pursue a practical, work-focused subject, alongside their academic options. This qualification should be designed in partnership with employers and modelled on the success of the Built Environment GCSE in Northern Ireland and Wales, and Foundation Apprenticeships in Scotland.

The qualification should have practical skills and workplace opportunities at its core, rather than relying primarily on written assessment. It would replace one optional GCSE subject and be available at level one and two, as well as include a work-based challenge assessment co-designed with employers. This would give young people a clear line of sight into apprenticeships, T Levels, V Levels or level two pathways, whilst improving engagement and behaviour in school by offering a purposeful, hands-on technical pathway for students.

RECOMMENDATION 14

The DfE, in collaboration with Skills England, strategic authorities, the construction industry, and relevant industry bodies, should launch a review into the appropriateness of all construction courses offered in FE. The review should be designed to drive significant long-term reform to the construction curriculum and ensure that qualifications align with industry occupational requirements.

Apprenticeships should remain the cornerstone of workforce entry. All FE providers should support learners on study programmes to move into an apprenticeship during their course if they secure employment. Transferring to an apprenticeship should be considered a positive destination.

Priorities for reform include:

- Every course should include modules on employability skills and a minimum of three days' work experience with an employer.
- Learners should receive a free CSCS card as part of their course and be encouraged to undertake work experience or part-time employment alongside study.
- Skills England and awarding bodies should expand modular pathways within courses, enabling training providers to select optional modules that reflect local labour market needs, while maintaining national occupational standards.
- Courses should be designed around employer demand. In the short term, the introduction of V Levels and new level two pathways should prioritise greater employer involvement in course design and delivery, including greater opportunities for work experience placements and on-site learning. In the longer term, outcomes-based metrics should be integrated into the funding system, with a per-learner supplement linked to sustained employment or apprenticeship progression, alongside a guaranteed base of per-student funding. This would reward FE providers for delivering strong labour market outcomes.
- Every level two and above construction course should equip learners with the occupational competence equivalent to a level two NVQ, so learners are able to achieve a CSCS Blue Skilled Worker card on the achievement of their course. Where classroom delivery cannot meet industry standards, the government should convene training providers and employers to develop a non-apprenticeship pathway providing FE leavers with free or discounted NVQ assessment, and on-site mentoring. This could be funded via investment into new construction skills bootcamps. This pathway would ensure learners without an apprenticeship offer still have access to a structured route into skilled employment. Delivery would depend on strong partnerships between government, FE and NVQ providers, and employers willing to host and accredit trainees over a period of time.

RECOMMENDATION 15

To help address the shortage of construction teachers in FE, the DfE should pursue a targeted package of measures:

1. **Extend FE ITE bursaries to construction, planning and the built environment.** Construction is a high shortage area, yet trainee teachers are not currently eligible for FE ITE bursaries. A bursary of up to £31,000 for construction trainee teachers would bring parity with other shortage subjects. Capping bursaries at around 350 trainees, broadly equivalent to current unfilled posts, would cost around £10.9 million per year.
2. **Target career changers through a refreshed recruitment campaign.** The DfE should embed industry exchange into the teaching of all construction courses in FE. This should include the development of a pathway for industry professionals to teach part-time in FE. The DfE could offer an incentive to teach part-time in FE, mirroring the existing £6,000 Targeted Retention Incentive, to offset any loss of earnings during teaching. This could be funded from within the £200 million given to LSIPs to build partnerships between construction companies and FE providers.

RECOMMENDATION 16

MHCLG should issue mandatory guidance to ensure that apprenticeship clauses in section 106 agreements incentivise completion and retention, rather than starts. Local authorities should be prohibited from requiring apprenticeship starts to be from their locality. Instead, local authorities should only be permitted to ask that apprentices are drawn from across the wider region (International Territorial Level 1) rather than being restricted by borough. National guidance should reinforce this principle, and if necessary, the government should amend the *Planning and Infrastructure Bill* to put guidance on a statutory footing.

RECOMMENDATION 17

The DfE should implement in full its proposals to reform apprenticeship assessments, enabling providers to deliver and mark elements on programme, with appropriate oversight. Construction should be treated as a priority sector for transition to a new regulatory framework for apprenticeship assessment, given high non-achievement rates.

Furthermore, the DfE should consider reforming the awarding of certificates and qualifications within apprenticeships so that individuals are not able to receive key industry qualifications until their apprenticeship has been fully completed. This would remove a major incentive to drop out early, and strengthen achievement rates across construction apprenticeships

RECOMMENDATION 18

The DfE and Skills England should review apprenticeship funding bands so that block release delivery in construction apprenticeships is properly resourced and incentivised, reflecting its faster completion times and retention outcomes. Skills England should also promote block release as a preferred delivery model, ensuring that new technical excellence colleges and homebuilding skills hubs are able to support such training programmes. Public procurers, including local authorities, Homes England, and major contractors delivering public projects should give preference in contract awards to firms that train apprentices through block release programmes.

RECOMMENDATION 19

The DfE and Skills England should establish a Priority Apprenticeship Bursary to improve retention in shortage occupations, beginning with the construction industry. The bursary should provide £5,000 to eligible full-time apprentices in recognised shortage roles, paid in three instalments over the lifetime of the apprenticeship and after sustaining employment.

The bursary should be funded by reprioritising Growth and Skills Levy funds currently supporting graduate-level provision, ensuring better value for money and greater impact on skills shortages. The DfE and Skills England should determine eligible subjects for the bursary based on labour market demand.

RECOMMENDATION 20

The Apprenticeship Service should automatically notify employers when an apprentice becomes entitled to a higher minimum wage (for example, at the start of their second year or on turning 19). This would improve compliance with legal obligations, protect apprentices from underpayment, and help tackle retention problems linked to low pay.

RECOMMENDATION 21

Skills England should provide independent analysis to inform apprenticeship funding decisions. The DfE should use this evidence to revise funding bands so that construction apprenticeships reflect the true cost of delivery, and should promptly approve new standards where there is demonstrable demand from employers.

RECOMMENDATION 22

The CSJ echoes the recommendation of the House of Commons Education Select Committee that the DfE introduce a three-route model for all apprentices who have not attained grade four GCSE in English and/or maths based on their level of attainment at age 16 and their chosen apprenticeship.

Route A: Apprentices who, based on their GCSE results at age 16 and prior attainment, have a realistic prospect of achieving grade four in English and/or maths should be supported to work towards those qualifications.

Route B: Apprentices, for which the English and/or maths content required can be easily identified, should have that content built into the apprenticeship programme. Apprentices working towards a qualification with embedded English and/or maths content, which have been rigorously quality assured, may then be considered for exemption from the requirement to resit.

Route C: Apprentices who, based on prior attainment, are very unlikely to attain grade four in English and/or maths, despite multiple resits, and who would benefit from pursuing a functional skills qualification in English and/or maths, should be supported to achieve a pass in that form of qualification.

As recommended by the CITB, the DfE should also remove the need for functional skills attainment prior to entering EPA. Apprentices should receive support to work towards a grade four in English and/or maths, or equivalent functional skills. However, their ability to complete an apprenticeship should not depend on achieving this grade if: (a) the subjects are optional within the apprenticeship standard, and (b) the employer agrees they are not necessary for the training programme.

RECOMMENDATION 23

The DfE should use new investment in construction skills bootcamps to launch an 'earn as you train' skills campaign that specifically targets FE leavers without an apprenticeship and labourers in the construction industry. This campaign could be delivered through FE providers, Jobcentre Plus, major construction contractors and labour agencies.

Construction skills bootcamps should make provision for learners to access and achieve industry recognised occupational competence qualifications like NVQs. NVQs and other courses at skills bootcamps should reflect the reality of precarious employment in the construction industry and provide a stable foundation for learners to achieve qualifications in modular stages and at different places of work. Simulated assessment off-site should be considered for learners who are unable to be assessed at their place of work.

An 'earn as you train' pathway, guaranteed by government funded training and assessment, would offer workers in low skill roles a clear progression pathway to skilled worker status, opening up opportunity and increasing the supply of skilled labour.

RECOMMENDATION 24

MHCLG should issue guidance that requires section 106 agreements and public procurement contracts for construction projects to include measurable targets on NVQ completion and other employer supported qualifications. This would incentivise developers and contractors to invest in the skills of their workforce, including self-employed and agency labour.

RECOMMENDATION 25

The DfE and DWP should consider reforms to the Growth and Skills Levy which would permit self-employed workers to access funding for training.

RECOMMENDATION 26

The DWP should reform benefit rules to incentivise participation in vocational training and work in shortage occupations, particularly within the construction industry. The Secretary of State should issue immediate guidance, making clear that participation in vocational or technical training should not, in itself, trigger a Work Capability Assessment or the loss of Limited Capability for Work status.

This change could be targeted initially at priority sectors such as construction, where skills shortages are acute, helping to boost participation while reducing long-term welfare spending.

The DWP should also ensure that the Right to Try Guarantee is fully implemented and communicated across Jobcentres, so that individuals receiving health-related benefits can enter work without the risk of losing their entitlement, and can return to their previous status quickly if work is not sustained.

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