

APPG for Excellence in the Built Environment Inquiry into the impact of Brexit on future skills needs in the construction industry and the built environment professions.

Current Environment:

Delivery has increased considerably – both in the industry and by Barratt.

Annual housing supply in England amounted to 189,650 net additional dwellings in 2015-16, up 11% on 2014-15 and up 52% on the low point in 2012/13.

The gross figure actually went over 200,000 in 2015/16 but was off-set by just over 10,000 demolitions.

To put the figure of 189,650 in context it is the fifth highest number of net additions in the last 25 years.

Of those 190,000-odd net additions, 163,000 were from new build homes. The supply of new build homes has increased 38% since 2012/13.

Obviously we are still not building enough homes. The ONS says we need to meet growth in households of 210,000 per annum and more than that to cover the shortfall which has built up over the last few decades.

But overall the industry has responded positively to the undersupply of housing since the 2008 financial crisis and the latest figures show the industry is on track to help deliver the Government's 1million homes pledge

At Barratt, we recognise our responsibility to build the homes the country needs. We have increased our own production by more than 55% over the last five years – last year across England, Scotland and Wales we built more than 17,000 homes.

Housebuilding is a long, complicated and uncertain process requiring considerable up-front investment and a strong organisation. We work with 12,000 suppliers and sub-contractors, last year we invested £1billion in land, we support more than 55,000 jobs and add £3billion to UK economic output. These are big numbers and it takes more than flicking a switch to increase them.

Skills shortage:

The skills shortage is seriously constraining industry production – 350,000 construction workers left the industry during the downturn, we have an ageing workforce and we're not replacing staff quickly enough.

It's vital that industry addresses the skills shortage with the support of government and also schools and colleges.

Last year we recruited our largest ever intake of future talent - 327 graduates, trainees and apprentices. We believe this is more than any other housebuilder.

At Barratt our graduate and apprentice schemes are recognised as amongst the best not just in the industry but in the country.

We are piloting a Regional Academy in our East Region targeting a wider mix of potential employees

We helped create the first ever Construction Foundation Degree programme at Sheffield Hallam to train the site managers of the future

We have signed the Armed Forces Covenant to cement the firm's commitment to supporting the British Armed Forces

As we look ahead to Brexit it is vital that government recognises that migrant workers have an important role to play in our industry.

We conducted our own analysis of our workforce in London last summer and we found that 59% of our site workforce were at that time non UK (another 10% were non UK and non EU). We employ around 4,500 thousand people in our overall London business (including subcontractors on site).

We expect there to be a significant EU workforce in other areas – particularly urban areas – of the country.

Modern methods of construction

Increased use of modern methods of construction can help industry reduce its reliance on some of the trades.

In 2013 Barratt put in place a target to have 20% of our homes built using some element of off-site construction techniques by 2020.

We are investing in modern methods of construction that will help the industry increase production with less reliance on traditional skills. These techniques will also help us operate at higher safety and environmental standards.

We expect to complete around 1,200 Timber Frame homes in FY17

Currently, alongside increased use of Timber Frame Construction we are trialling Light Gauge Steel Frame and Large Format Concrete Block on several sites across the group

But it's vital that modern methods of construction do not compromise quality and/or safety.

Quality

Increasing supply goes hand in hand with increasing risk. The pressure to deliver volumes must not come at the expense of quality, customer service or safety.

At Barratt, we are committed to putting customers at the heart of our business by building high quality homes. We understand that the industry has to build high quality homes as well as more homes.

In March 2016 the Home Builders Federation announced that we had been awarded the maximum Customer Satisfaction 5-star rating for the seventh consecutive year - the only major housebuilder to do so.

To put that in perspective there are 13 housebuilders rated 5* and only four build more than 1,000 homes each year, only Barratt build more than 2,500 – 17,300

In June 2016 our site managers received more NHBC Pride in the Job Awards (79) than any other housebuilder – the twelfth year in a row that this has occurred. Just last week one of our site managers won a supreme award which builds on a supreme award win last year.

We have won more Building for Life 12 awards than any other housebuilder, with another three recently announced, taking our total to 40. Developments that are Built for Life today reflect our commitment to building developments which look great, are a pleasure to live on and will enhance local communities for years to come.

And you can see the results of pushing for volumes in the trend of customer satisfaction scores in the HBF survey which have been down for the last few years. In 2013, 91% of consumers said they would recommend their new home builder to a friend, by 2016 that had fallen to 85%.

Conclusion

To build the homes the country needs and to keep quality high for consumers the industry needs access to a skilled workforce and investment in that workforce for the long term.

It is important that government recognises the industry's current reliance on skilled migrant labour as Article 50 is triggered and we move towards Brexit.

Modern methods of construction and off-site construction are an important way of delivering homes without reliance on trades but bring with them their own challenges around supply chain and skills.

It is vital that as the industry delivers high volumes of homes quality does not suffer.