



INVESTING IN
THE FUTURE OF
CONSTRUCTION

MEET THE HUDSON APPRENTICES

Throughout this report you will find a round-up of some of the 170 apprentices we have supported to date.

We are proud to help and encourage so many construction businesses in our community. We always look forward to finding out how the apprentices are progressing in their training and like to share their stories with our industry and those who can influence people coming into the sector.



FOREWARD

As a former construction apprentice myself, along with our Managing Director, we fully appreciate the benefits that apprenticeships can bring to all involved. From where we are based in Bridlington we know it is not easy creating new work opportunities which is why we developed our own apprenticeship support scheme in 2011.

In the ten years since, we have sponsored over 170 apprentices and are always looking at ways to do more. We want to help remove the barriers that stop a would-be apprentice or a firm wanting to realise an opportunity.

If we can help those in construction overcome bureaucratic hurdles and encourage more firms to take on apprentices, it is time well spent by Hudson Contract.

David Jackson

A handwritten signature in black ink, appearing to read "David Jackson".

Founder & Chairman



JOE MATTISON - BRICKLAYING

"Apprenticeships didn't get mentioned when I was at school, they just wanted push everyone down the academic path, which I knew wasn't for me. My parents are very proud I followed the apprentice route - something different to what everyone else was doing."



RYAN GRAY - JOINERY

"I love being an apprentice and learning from my dad. I particularly enjoy the variety of work I get to undertake. So far I've built kitchens, roofs and installed new floors."

KIRSTY PRICE - PLUMBING

The on-the-job training has been great for supplementing what we learned in college. I'm a dab hand with old thermostatic shower valves now. And when it comes to replacing kitchen sink taps, having a small pair of hands is sometimes a distinct advantage!

"What I love most is that my job is enjoyable. There's such a great feeling when you've finished transforming a bathroom and you step back to take a look - and that's even before you see the wow factor on the customer's face."



ARCHIE BARNES - PLUMBING

"I have been learning how to restore the lead work on a local church. We live in a conservation area, so these skills are important. It's essential they are passed from one generation to the next and I'm really enjoying learning the finer points - and secrets - of my trade."



STEVE CAMMISH - ELECTRICAL

"They call me Pops at college. But I don't mind at all. I enjoy helping some of the younger students. If someone is thinking about learning a trade, no matter their age I would say go for it. The long-term prospects are great."



In the last decade, the profile of workers in construction has changed. In 2010, 29% of workers were aged 50 and above. Ten years on this has increased to 35%. The industry needs to sit up and take note of this issue and the challenges it will bring in years to come. It may not be seen as a major problem today or even during this generation but action needs to be taken now to encourage new joiners and develop new skills in our sector if we are to deliver the housing and infrastructure that Britain needs.

Hudson Contract, the UK's largest tax status and employment contract service to the construction industry, has produced this report to draw attention to this issue and suggest some solutions. It is based on official government statistics, Freedom of Information requests, client interviews and experience gained over 25 years operating in the industry.

CONSTRUCTION IS AN AGEING POPULATION

Between 2010 and 2020 the proportion of workers aged over 50 has increased from 29% to 35%

TABLE 1:
APPRENTICESHIP STARTS IN CONSTRUCTION BY COMPANY SIZE

	Small (0-49 employees)	Medium (50-99 employees)	Medium (100-249 employees)	Large (250+ employees)	Total
2015/16	20,450	2,380	1,820	7,060	31,710
2016/17	21,330	2,110	1,780	6,380	31,620
2017/18	17,670	1,890	1,700	6,130	27,390
2018/19	16,240	1,560	1,560	7,830	27,190
2019/20	14,290	1,370	1,420	7,180	24,260

TABLE 2:
APPRENTICESHIP STARTS IN CONSTRUCTION BY APPRENTICESHIP LEVEL

	2015/16	2016/17	2017/18	2018/19	2019/20
Level 2 Intermediate	19,470	18,930	14,430	12,500	10,270
Level 3 Advanced	11,650	12,260	11,260	11,970	11,050
Level 4 Higher Level	240	430	790	1,020	1,150
Level 5 Higher	320	390	520	800	640
Level 6+ Higher	30	150	390	900	1,160

Source <https://explore-education-statistics.service.gov.uk/data-tables>

In 2015/16, construction attracted 31,710 new apprentices (Table 1). By 2019/20, this had fallen to 24,260, a decline of 23.5%. This reduction in numbers is most visible in small businesses, with a fall from 20,450 new starts five years ago to just 14,290 in 2019/20. This is why the industry needs to act.

This decrease is despite the introduction of the apprenticeship levy in 2017, which was launched with the target of 3 million new apprenticeships being created in three years. The target has not been hit. And what's more, with the introduction of higher-level apprenticeships larger employers have used their levy to fund development of existing staff, rather than supporting the traditional school leaver-type apprenticeship.

APPRENTICESHIP START NUMBERS FALLING

In the last five years the number of construction apprenticeship starts have reduced by over 20%

Apprenticeships for school leavers are at level 2 and level 3. Over the latest five-year period the number of starts at this level have decreased from 31,120 to 21,320 - or 31.5%. Yet at the other end of the scale, level 6 degree apprenticeships have increased from just 30 to 1,160 (Table 2).

As an industry we should be encouraging training and development at all levels, but to reverse the ageing profile of the average construction worker we must attract new blood at a younger age. To achieve this, increasing the uptake of Level 2 and 3 apprenticeship is key.



RIO CLARKE - BRICKLAYING

"The money side is good and I'm getting paid to learn. I'm also getting the opportunity to learn other trades as well. My dad thinks it's the best decision I've ever made - he's very proud of me. I want to stay in the industry. At school, I preferred practical work to academic study and chose construction because I enjoys hands-on activities."



WHAT ARE THE BARRIERS TO LEVEL 2 & 3 CONSTRUCTION APPRENTICESHIPS?

Construction has cleaned up its act over the last 20 years, yet it is still not regarded as a first-choice career.

The industry is seen as unsafe and dirty to many people on the outside, but with modern day building practices, this perception couldn't be further from the truth. Figures from the Health and Safety Executive show¹ the level of accidents in construction was comparable to the education sector.

From our experience, many of the apprentices we have sponsored over the last ten years entered the industry because a close family member was already working in the sector. This experience is shared by many training providers. So how do we attract others into the industry?

Many of the challenges lie within careers advice and the general image of construction. Industry as a whole must do more to engage with schools and careers advisors to show the many benefits of a career in construction and how the face of construction has changed. This is a long-term solution but there are other issues that can be addressed more quickly.

As seen in Table 1 (page xx), smaller construction companies take most of the responsibility for recruiting apprentices into the industry. Focus should be placed in this area to understand and remove the barriers to encourage take-up of apprentices.

INCENTIVES ARE HELPING

The government's Plan for Jobs, announced in July 2020, recognised the value that apprenticeships bring to industry and introduced incentives for companies that hired apprentices between 1 August 2020 and 31 March 2021.

During this period the impact of COVID-19 was being felt by many in the industry and access to training providers was severely limited. For construction businesses, which heavily rely on support from training providers to help set up apprenticeships, this just wasn't the right time.

However, this scheme has now been extended to 30 September 2021 and the incentive increased to £3,000 per apprentice. With the UK now following a clear path out of the pandemic, training providers in our local region of East Yorkshire have started to report an increase in activity and firms interested in taking on apprentices again.

One downside to the incentive is the inability to use it for existing employees who want to move to a new career. Finding the right person to be an apprentice is important, so up-skilling

¹ Source: <https://www.hse.gov.uk/statistics/tables/ridind.xlsx>

an existing workforce makes sense. During the last year, all businesses have had to look at the way they work and how roles have changed as a result of the pandemic. Developing this incentive in key industries like construction would help increase apprenticeship numbers.

The incentive can be used towards any of the organisation’s costs – such as uniforms, tools, travel or salary. However, many firms still have to fund course costs through a co-investment scheme. Of the apprentice starts in 2019/20, more than 50% were aged 19 and over, meaning the employer must contribute 5% to the course costs on top of all the other direct and indirect costs associated with employing an apprentice. This 5% contribution is removed if the employer can find a levy transfer from a company that pays into the Apprenticeship Levy. Firms can transfer up to 25% of their pot to other firms but many don’t.

A Freedom of Information request submitted by Hudson revealed that since the levy transfer limit was increased to 25% in April 2019, only 3.2% of registered accounts on the Apprenticeship Service had used some or all of their transfer pot. The maximum value of the available levy transfer across all registered accounts on the Apprenticeship Service was £597m in FY19-20 and £621m in FY20-21. The actual amount used in levy transfers between April 2019 and February 2021 was just £30m. It leaves plenty of opportunity for the larger firms to remove this additional cost for the non-levy paying organisations.




APPRENTICESHIP LEVY TRANSFERS

Only 3.2% of apprenticeship levy payers use some or all of their transfer pot.

Government and industry should do more to publicise the financial support schemes on offer. As a business, we work hard to keep our clients up to date with the latest incentives available and are proud to do so.

THOMAS BENNINGER - ELECTRICAL

“I found my apprenticeship course enjoyable, engaging and challenging and would highly recommend an electrical apprenticeship course to anyone considering it. My advice is to stay focused and approach the course ready to learn and willing to work hard. The pace moves quickly but there is plenty of support and guidance from the college for students who wish to succeed.”



PROVISION OF COURSES

From our decade of experience in supporting construction firms in and around our East Yorkshire home town, one of the main areas of resistance for recruiting apprentices is the training provision.

Local employers tell us that training providers are a barrier to increasing apprenticeships. With a downward trend in the number of construction apprentices, there is a reduction in the number of courses offered. Local employers report that turnover of tutors is also an issue. It has become a vicious spiral.

Of the 66 level 2 & 3 apprenticeship standards that are available in the key site-based trades, only eight are available in our local area. In the last six months the provider of Level 3 Plumbing & Heating has withdrawn the course, with the next nearest day release provider more than 25 miles away.

TABLE 3:
APPRENTICESHIPS AVAILABLE WITHIN OUR LOCAL AREA

	Scarborough TEC	East Riding College (Bridlington)	Construction Skills Village (Scarborough)
Level 2 Bricklaying	Yes	Yes	Yes
Level 2 Joinery/Carpentry	Yes	Yes	Yes
Level 2 Plastering			Yes
Level 2 Groundworker		Yes	Yes
Level 2 Property Maintenance	Yes	Yes	
Level 3 Joinery/Carpentry		Yes	
Level 3 Civil Engineering		Yes	
Level 3 Plumbing & Heating			Coming soon
Level 3 Electrical Installation	Yes	Yes	Coming soon

HAVE APPRENTICESHIPS BECOME TOO COMPLICATED?

The pandemic has caused havoc in everyone's lives and as such apprenticeships have been disrupted. However, the issues go further back. Small employers previously relied on training providers to 'hand hold' them through the process, or assistance from a business development team or a free business advisor, but many of these resources no longer exist. It is a big step to go from being a one-man band to employing your first member of staff and no-one wants to get it wrong. Guidance is available on the gov.uk website (<https://www.gov.uk/employing-staff>) but many still prefer the reassurance of speaking to someone.

From a levy-payers' point of view, since inception we have tried to understand how we can best use our levy pot to help other businesses. While the transfer of levy monies has been around for some time, it was only at the end of 2020 that we fully appreciated what we could and couldn't do. We spent a lot of time talking with providers, National Apprenticeship Scheme advisors and other stakeholders to gather the full picture on how the transfer system works and how to find firms to help.

So perhaps the issue isn't that apprenticeships are more complicated, but that signposting and access to help has dwindled. Larger businesses have HR teams they can task with this type of research, but the main users - the many one or two-man construction businesses - just don't have the time to do this. The result is fewer opportunities for those who want to get into the sector.

DANIELLE SHARPE - PLUMBING

"At school, I never imagined my future lay in plumbing! I'd thought about construction, but my lack of knowledge of tools and the thought of embarrassing myself deterred me. But my step-dad is a self-employed plumbing, heating and gas engineer. He motivated me to go for it and I've never looked back."



HOW HUDSON CONTRACT IS HELPING THE FUTURE OF CONSTRUCTION

As a business, Hudson Contract has always been proud to support the construction industry and its local community in East Yorkshire. We are very aware that in our area there are no longer the large construction firms, so committing to taking on apprentices is, in the majority, left to the smaller companies.

The commitment these companies make is huge. They sign up to spending 8-10 hours a day, four days a week with apprentices they take the time to teach, develop and mentor into future tradespeople. The commitment is not just in time and money, but also in emotional support. Put like this, it is surprising these small firms take on apprentices, but they do and the main reason behind it is they want to pass on their knowledge. These employers once had someone give them the chance of learning a trade and they want to give the next generation the same opportunity.

THE HUDSON CONTRACT APPRENTICE SPONSORSHIP SCHEME

Our apprentice sponsorship scheme stemmed from this passion to pass knowledge on. It was spurred by an advert in a local paper:

SEEKING APPRENTICESHIP

Young man (17) desperately seeking an Electrician Apprenticeship. Extremely enthusiastic, reliable, fit and hard-working individual, with full driving licence and own transport. Currently in second year of an appropriate college course and can be transferred to specific apprenticeship course. If you could possibly offer an apprenticeship to a very genuine person, please call...

After speaking with our local colleges and employers we found these common themes:

- Small firms were keen to take on an apprentice but couldn't afford the cost
- Students were applying to the same firms in the same area
- Smaller firms were willing to take on an apprentice but didn't have the scope of work required to complete the course
- For many companies, an apprentice was their first employee and needed advice and guidance.

In response to this feedback the Hudson Contract Apprentice Sponsorship Scheme was born.

It's based on four very simple steps:

1. A letter of support is given to students to take to potential employers
2. Students find an employer willing to take them on
3. Hudson Contract confirms pledge of 12 months' financial support to employers
4. Employers invoice us for £50 per week sponsorship payment

After ten years of running the scheme, we have now helped 119 employers to take on more than 170 apprentices. We have built up relationships with our local colleges and training providers to provide sponsorship support for up to 30 apprentices each year.

OUR HIGHLIGHTS

170

APPRENTICES
FUNDED

119

CONSTRUCTION
FIRMS SUPPORTED

10

YEARS OF
SPONSORSHIP



AN EXTRA 25 APPRENTICES AT 25 COMPANIES IN OUR 25TH YEAR

To celebrate our 25th anniversary this year, we are expanding the scheme nationwide and will sponsor 25 apprentices at 25 companies across England and Wales. If other companies are in a position to develop a similar approach to the Hudson Contract scheme, we suggest the number of high quality apprenticeships would increase substantially.

UTILISING OUR APPRENTICESHIP LEVY POT

As a group of companies, we are captured by the Apprenticeship Levy and make monthly contributions. The nature of our business means we pay in a lot more than we could ever spend. Anything that is unspent goes back into the central pot to fund apprenticeships for non-levy payers in all industries. As Hudson Contract is focused on construction we wanted a way in which we could ring-fence as much of our levy as possible to help our industry.

In April 2019, the Apprenticeship Levy rules changed to allow firms to transfer 25% of their levy pot to develop the skills base of their supply chain or firms in their region or sector. Levy-matching services began to appear, often run by local authorities, to connect levy payers with businesses that would otherwise need to pay 5% of the course costs as part of the co-funding agreement. While 5% might not seem a huge amount for a firm that takes on an apprentice and commits to 48 months of training and development, it is an extra £1,050 that needs to be found - on top of the standard employment costs.

In October 2020 we teamed up with Leeds City Council and its levy match service. We have used the service to link directly with employers and started our first direct levy transfer for a groundwork apprentice in March 2021. We are currently supporting three apprentices through a levy transfer and have three more in the pipeline. We continue to look at ways in which we can fully utilise our 25% transfer pot.

CROSS-INDUSTRY CONSTRUCTION APPRENTICESHIP TASK FORCE

The CCATF is an initiative designed to increase engagement in apprenticeship training in construction. Its aim is to communicate positive messages to businesses about training and apprenticeships and to influence government policy. Hudson Contract has been part of the task force since 2017 and regularly supports its events and meetings, representing the issues on behalf of our clients and apprentice employers.

Since 2011, Hudson Contract has been helping local businesses to take on construction apprentices by providing financial support during their first year. More than 170 apprentices and 119 businesses have benefitted from the scheme to date.

WHERE ARE THEY NOW?		IN TRAINING – BY TRADE	
Still in training	46	Bricklaying	9
Completed Apprenticeship	47	Joinery/ Carpentry	13
Left College	38	General Construction	1
Unknown/No Contact	34	Plumbing & Heating	5
Due to the pandemic, many courses and assessments have been delayed. Employers and apprentices reported that courses had finished but were still awaiting their final assessments.		Electrical Installation	18
		46 apprentices are still completing their training. Apprenticeship courses can last four years.	
APPRENTICESHIP COMPLETED – BY TRADE		APPRENTICESHIP NOT COMPLETED – BY TRADE	
Bricklaying	6	Bricklaying	5
Joinery/ Carpentry	16	Joinery/ Carpentry	14
General Construction	3	General Construction	4
Plumbing & Heating	7	Plumbing & Heating	7
Electrical Installation	12	Electrical Installation	8
47 apprentices have now finished their training and 44 are still in the industry.		38 apprentices failed to complete their course.	

ABOUT HUDSON CONTRACT

As a business, Hudson Contract has always been proud to support the construction industry and its local community.

Established in 1996, we have grown to provide construction companies of all sizes, from one-man firms to PLCs, with the UK's most trusted audit and CIS contract service. Our service means our clients don't have deal with the complexities of employment status issues and the Construction Industry Scheme (CIS) allowing them to concentrate on running their business and not worrying about employment or tax status.

We work with 2,500 clients nationwide, engaging over 72,000 subbies in the last tax year.

We continue to be passionate about promoting construction and those who work in it in a positive light. We look to dispel the myths that construction is dirty and dangerous. With modern working practices and tight safety rules a construction site can be as safe as being in a classroom.

We protect and promote the important role that construction plays in the UK economy and want to encourage new blood into the industry to help shape its future.

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