

LONDON OLYMPICS THREATEN SKILLS SHORTAGE

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A serious skills shortage threatens hundreds of small companies in the building services industry, but inflated wages aren't the only answer for employers - as Mike Jenkins explains, there's another option companies can no longer afford to ignore.

Over the past 12 years, with the exception of 2005, the construction industry has undergone an unprecedented period of expansion, and at least five more years of growth are forecast. According to research carried out by the sector skills councils, 13,000 construction workers and 1,500 electricians and plumbers are required to ensure the 2012 Olympic Games in London are ready on time.

It seems unbelievable that at such a high point, so many companies could be facing financial difficulties, but a shortage of skilled workers is putting not only the Olympic Games at risk, but also every small to medium contractor trying to compete.

As soon as it was announced that Britain had beaten France to host the Games, those in the industry who had the frameworks in place to predict their future workload were able to tie staff into longer-term contracts. But the one-off contractors and small to medium companies are now left vying for few workers - with inflated-hourly rates being offered, enticing workers from their permanent employment and threatening a huge skills crisis across the UK, they simply cannot compete with the big boys. The last three years of the Olympics project are expected to be the most damaging because, as time runs out, contractors will pay whatever is required to get the work completed on time.

Aside from the Olympics, the general increase in demand for construction has also meant the big national companies can pick and choose the best of the crop. The small to medium companies are in a rare position where they are suddenly able to bid for larger projects, which they previously would not have been allowed near. But instead of strengthening their position, their lack of experience makes them vulnerable and puts them under greater financial risk.

These companies need to put plans in place now to retain their existing and potential workforce, as only companies with skilled and experienced workers will be viable options for lucrative projects.

One solution for employers, often overlooked, is employee benefits – a proven tool in attracting and retaining staff and an option companies can no longer afford to ignore. Evidence shows that tailored employee benefits reduce staff turnover, saving companies training and recruitment costs, as well as contributing to a company becoming ‘an employer of choice’. Smaller companies who are unable to compete with the big wages offered by the large contractors for projects such as the Olympics can reward loyalty and attract new skilled labour with employee benefits.

Welplan, a wholly-owned subsidiary of the Heating and Ventilating Contractors’ Association (HVCA), has been offering employee benefits since it introduced the H&V industry’s sick pay and death benefit scheme in 1955. Crucially, Welplan enables small to medium companies in the building services industry to compete with the large organisations.

Welplan currently provides one-stop shop employee benefits for 40,000 employers who have anything from two staff members to 30,000. Small to medium companies usually find it very difficult to obtain the large discounts that the larger companies can buy into, but Welplan enables the smaller companies to compete with the big boys by acting like a large employer for the industry. This makes it possible for the smaller companies to offer the benefits of their larger counterparts.

There is some resistance among employers who believe the administration will be too much to handle and will require an extra member of staff. But Welplan’s Employee Benefits cater for each individual employer, who benefits from direct access to trained, experienced staff. Welplan offers H&V Pensions, Holiday Pay, Life Cover, Healthcare and Welfare, and Sick Pay. Each Welplan package is designed to suit each individual employer.

The minimum Welplan package begins at £72 per annum per employee for Welfare Benefits, but if the employer were to buy the Holiday Pay Scheme as well, with the savings on National Insurance contributions, the company would save between £250 and £300 per head.

Welplan's H&V Pensions is an industry-wide scheme attracting corporation tax relief and is a painless way to abide by the Government's scheme to ensure every employer offers pensions by 2012. By then employers will be obliged to contribute three per cent and employees to contribute five per cent of their gross earnings.

The next five years will see the industry divided between those companies who thrived and those who died. The bidding war for the few skilled workers has already begun. Are you a contender?

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