

Forced labour

The government aims to put 250 000 unemployed people into jobs, but is its policy suitable for construction? Elaine Knutt reports.

PRIME MINISTER TONY BLAIR'S proud boast is that 250 000 unemployed people will be guided off the dole queue and into real, productive jobs by the end of this parliament. At least 10 000 individuals are expected to find a berth in construction. But does the scheme have sufficient concern for the welfare of the industry to work for it?

The Welfare to Work programme, lately renamed "New Deal" by the government, will give the industry a fresh pool of labour. It offers employers an attractive financial incentive, in the form of 26 weeks' wage subsidy of £60 or £75, plus a £750 training grant for each new recruit on the payroll. At a time of rising workloads, threatened skills shortages and a shift in direct employment, New Deal could fill gaps in contractors' worksheets and budgets.

Top-quality recruits needed

But few employers will happily take on untrained recruits with questionable commitment, even if they do arrive with grants and subsidies. Completion deadlines and intense competition do not mix well with semi-trained labour whose productivity does not match wage expectations. And there are widespread doubts over whether six months of day release and on-the-job training can turn raw recruits into productive employees.

The manager of Tarmac Craft Training, one of the largest trainers of adult entrants to the industry, is sceptical of New Deal. "I have doubts about whether it will have any impact on construction," warns Albert Hoggins. "It'll suit low-paying retailers who can take people on with little training. For construction, it's not without problems."

The difference between New Deal and the schemes of the previous government is that New Deal is designed to generate new jobs with market-level wages, rather than training places without job guarantees or work placements on a benefits-plus basis.

After an introductory "Gateway", lasting up to four months, young people who have

been signing on for at least six months will have four options: jobs with an employer, a voluntary sector organisation, or the government's Environment Taskforce, or training for unqualified employment non-hoppers. In Labour's words, "there will be no fifth option" – benefits will be cut if all four routes are refused. For people over 24, the qualifying period of unemployment will be two years. For both groups, after six months, employers will be encouraged but not obliged to offer permanent jobs.

The scheme's design is the responsibility of the Department for

We can't afford to have untrained people on site – it's a dangerous environment

Education and Employment's advisory taskforce, which contains no construction experts. Consultations are under way pending the launch of pilot schemes in January, and a nationwide roll-out next summer. The Construction Confederation and the Construction Industry Training Board are co-ordinating industry input.

But judging by employers' and trainers' reactions to New Deal, and the government's early policy indications, it will be difficult for government and industry to agree on a programme. Questions are being raised about the nature of the pre-employment Gateway, the kind of work and training best suited to New Deal employees, and the rates of pay.

The industry believes the government-funded Gateway should contain basic site and safety training for construction entrants. "We can't afford to have untrained people on site – it's a dangerous environment", says David Hammond of Sheffield-based Henry Boot Training. "The industry should have an involvement in the Gateway, but there's currently no funding allocated to that," adds Tarmac's Hoggins.

The taskforce has not yet taken this on board. "Site and safety training would be

What do job-seekers think about taking a New Deal job in the construction industry?



I'm a bricklayer. But when I phone up about jobs and tell them I've been on a course and got a year's experience on site, they say that's not enough. I've basically given up on bricklaying. I might get a driving job – I've got experience for that

Paul, 30, unemployed two years



There's no future in it. Most of the people I know in construction have got bad knees, bad backs. It's donkey work. The regular wage is too low to make a decent living, and if you work for yourself, you get ripped off by the bigger outfits

Mark Miles, 25, unemployed three years

news analysis welfare to work

appropriate for someone who decided to move into construction, and would happen after someone had been through the Gateway," says Andrew McCully, secretary to the taskforce. Apparently, that means at the employers' expense.

The wage subsidy is pitched at £60 for those aged 18-24 and £75 for those older than 24. It has not been decided whether employees will get this as a minimum, or whether they will be entitled to the forthcoming national minimum wage.

Likewise, it is unclear to what extent New Deal workers will be eligible for other support, such as housing benefit. This worries Mark Lunn, training manager for Laing Training Services. "The problem with adults is they need a greater income to be able to come off benefits," he says.

A concern for employers is that after six months, recruits may expect full wages without having the experience to warrant them. Lunn sets out the options: "Employers will either have to take a long-term view, or lay them off." Even an

David Hammond, Henry Boot Training

improving market cannot support underproductive workers: "The market may be rising, but so are costs," Lunn adds.

Six months is too little training

There is general agreement that the training offered under New Deal – a grant of £750 towards a minimum commitment of 26 training days over the six months – will not make a skilled bricklayer, carpenter or plasterer out of a raw recruit. "It takes two to three years to make a tradesman. Is there going to be a subsidy over that period?" asks Tony Howe-Smith, company secretary of Essex-based small contractor TJ Evers. ▶

I've worked in construction before. I did general labouring, slab-laying, a bit of everything, really. But the pay's gone downhill a lot – when I last worked in construction, in 1995, the pay was better. Skills shortages and wages going up? I've heard that one before

Brian Cairns, 28, unemployed 18 months



Welfare to Work – what's it all about?

Is it really different from previous dole-to-training initiatives?
One difference is funding – there seems to be plenty of it. The government has earmarked £3.5bn from the windfall tax on privatised utilities to pay for a transitional "Gateway" period, six months of wage subsidies worth £60-75 a week, and £750 training grants towards accredited qualifications.

Surely we've had something similar before?
You're probably thinking of Training for Work, the Conservatives' scheme to pay the unemployed benefits plus £10 a week for six months to do a training course. Laing, Tarmac and Henry Boot are among contractors that have trained the thousands of people entering construction trade courses.

Taking on recruits "trained for work" after six months' full-time training sounds better for the industry.
Probably. But Training for Work was unpopular with unemployed people – a real wage under New Deal looks far more attractive.

What trades will it be suitable for?
This is still under debate. It could serve as an introduction to trades such as plastering, carpentry, bricklaying, and painting and decorating. But six months is probably enough to train a labourer or groundwork operative.

I'm a plastering subcontractor. How will it work for me?
The scheme is compulsory for unemployed people but voluntary for employers. During the Gateway period, the Employment Service will try to match people with vacancies. You will have the chance to choose people most suited to your trade. You get six months of "cash" wage subsidy, but once that runs out there will be no further money to compensate for the fact that your new plasterer probably isn't covering many walls a day.

When does it all start?
It starts in two stages, for two different groups. From January 1998, there will be "pathfinder" schemes for 18- to 24-year-olds in 10-15 areas of the country, offering jobs with employers, voluntary groups, the Environment Taskforce or training places. The Construction Confederation is hoping that some construction employers will take part in the pathfinder exercise. From April, New Deal goes nationwide for this group. The rules for those over 24 years of age, which will take effect in June, are different – people must have been unemployed for two years, and will only be offered jobs with employers or training places. They get a weekly wage subsidy of £75.

How do I find out more?
Watch out for a media campaign by the taskforce aimed at employers. The DFEE enquiries number is 0171-925 5555, or e-mail, info@dfee.gov.uk.

► "It's of limited use to craft-related trainees," agrees Chris Magee, managing director of Aldershot-based contractor Kemp Stroud, pointing out that inexperienced workers hold back others on site. "We and our subcontractors have got to produce the work to make the money – we can't carry inefficiency."

Running alongside other training
In case any employer was tempted by the thought of accessing both New Deal subsidies and CITB training grants for recruits, CITB adviser Andrew Wootton stresses that this will not be possible. Instead, employers will probably be able to apply for grants at the end of the six-month period if they choose to keep on the new entrants.

He and the DFEE are adamant that employers will not be able to replace motivated school-leavers with subsidised New Deal entrants, although Tarmac's Hoggins believes some may be tempted: "It would be a disaster if New Deal was seen as a substitution to current new entrant and training schemes," he says.

The DFEE assures employers that New Deal is voluntary, and has no plans for "incentives" to tempt those 250 000 extra jobs out of the economy. However, the marketing director of one North-west-based contractor is not convinced. "Taking on local labour is often part of the tendering requirement for quasi-public organisations. A lot of voluntary schemes are mandatory in practice – it wouldn't surprise me if Welfare to Work was, too."

One consultant raises another question: will New Deal divert work away from the construction industry? His concern is that the Environment Taskforce – a wall-repairing, ditch-clearing, low-skilled maintenance force run via local authorities – will take on work that would otherwise have been contracted out to the industry.

The taskforce has another four months before the pilot programmes feed the first individuals into newly created jobs. But the warning from Tarmac's Hoggins that New Deal is best suited to low-wage high-street chains rather than the relatively high-skilled construction industry looks like giving the taskforce a special construction headache.

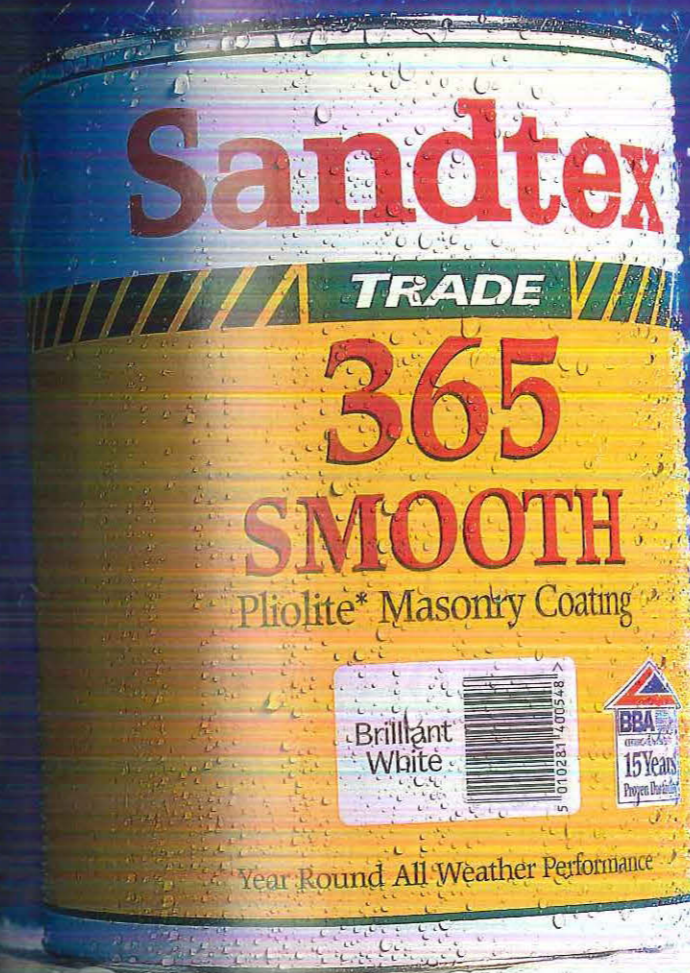
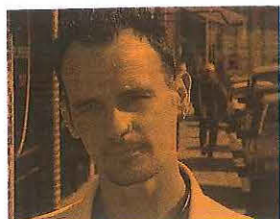
I'd like to get into construction. The money depends on experience, but it can be reasonable. I want to get into welding. I've only been looking for a month because I've just come out of prison

Steven Forsyth, 26, unemployed one month



I've got an NVQ in bricklaying – I've got the tools and the boots. I would go back, but the problem's transport – sites are scattered all over the place. I'm doing a computing course – I hope to get into stock control

Peter McLoughlin, 28, unemployed seven months



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