



At the cliff edge?

Workforce and productivity challenges for the P&H sector

Autumn 2023 Report

Contents

Page

Foreword by Damian Walters, BIKBBI

3

Introduction to 'At the cliff-edge' by Eureka! Research

4

Survey methodology

5

Report focus

7

P&H sector employment conundrums

9

Business confidence and consumer sentiment

16

Contact Eureka! Research

22



Whilst there is lots of great work happening throughout the industry in addressing the skills gap and labour shortage, there remains much to do when it comes to solving the issue.

This latest piece of research from our friends at Eureka! highlights the challenge and identifies a few green shoots for optimism. One thing is for sure, we have a great industry and the without doubt the internal capacity to overcome any challenge.

Sadly, there isn't a quick win solution, as the root of the problem is both deep and not limited to the industry. As Theresa May once said: "Apprenticeships are good, but for other people's children – and this is the social perception we need to overcome". The fact is that the Apprenticeship programme can be the solution, if we work together in refining the proposition.

One thing is for sure, and that despite popular belief and a misconception that kids only want to become social media millionaires these days, there is no short supply of school leavers wanting to embark on vocational careers – in fact, quite the opposite.

Our challenge is to both ensure that we have a fit-for-purpose entry pathway for the next generation (and employers) and indeed to muster the interest from a workforce that is perhaps sceptical of the benefits to their respective businesses.

A shift therefore must be made from doom and gloom of the issue, to a more positive focus on the solution and the good news case studies that are emerging. We must accept that the product in place may not be optimal for all but is the basis of a sustainable solution that we can collectively build upon.

Damian Walters
CHIEF EXECUTIVE



Introduction to 'At the cliff-edge': why have Eureka explored this topical issue?

“

Through our day-to-day research activity and discussions with stakeholders in the bathroom and P&H sector, one key theme has always been evident: Installers are the lifeblood of the sector. Brands rely on them to push their products; homeowners need them to help design, repair and install; retailers require them to fit their beautifully designed projects.

Government policy around Sustainability and Net Zero targets have encouraged the heating industry to hold a looking-glass up to its own skills base. Have we got sufficient labour who are willing to re-train and step up to the plate? What consequences does that have for other areas of the plumbing industry, particularly in the retrofit market?

To their credit, many stakeholders in the sector have been trying to highlight some of the structural challenges around this topic for some time. One of these stakeholders, BiKBBI, has been particularly active in terms of awareness raising and development of long-term solutions such as apprenticeship schemes.

We're always pleased to try and do our little bit at Eureka too and help move the debate along. Needless to say, policy development is always best served with reliable data and evidence to back it up. This is why we wanted to capture the opinions of installers themselves. Do they see a ticking time bomb around the corner? Does the skills gap and ageing workforce actually concern these businesses?

Hopefully, this modest study serves as a useful addition to the growing evidence base.

Thanks for reading.

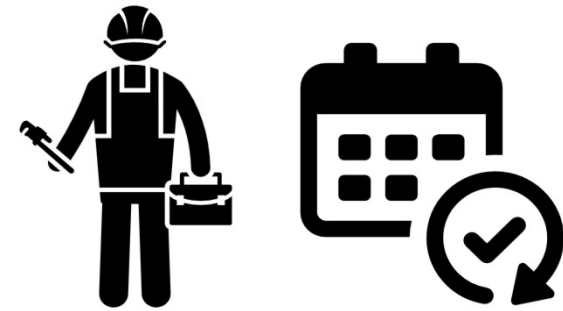
Dave and Richard – October 2023



Eureka!
ILLUMINATING RESEARCH



Eureka!
ILLUMINATING RESEARCH



Research methodology

Research methodology

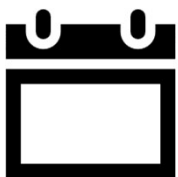
A bespoke online installer survey to understand the challenges regarding business confidence and available labour in the UK P&H Sector



An online survey with installers/
bathroom fitters in the UK



252 Total completed surveys

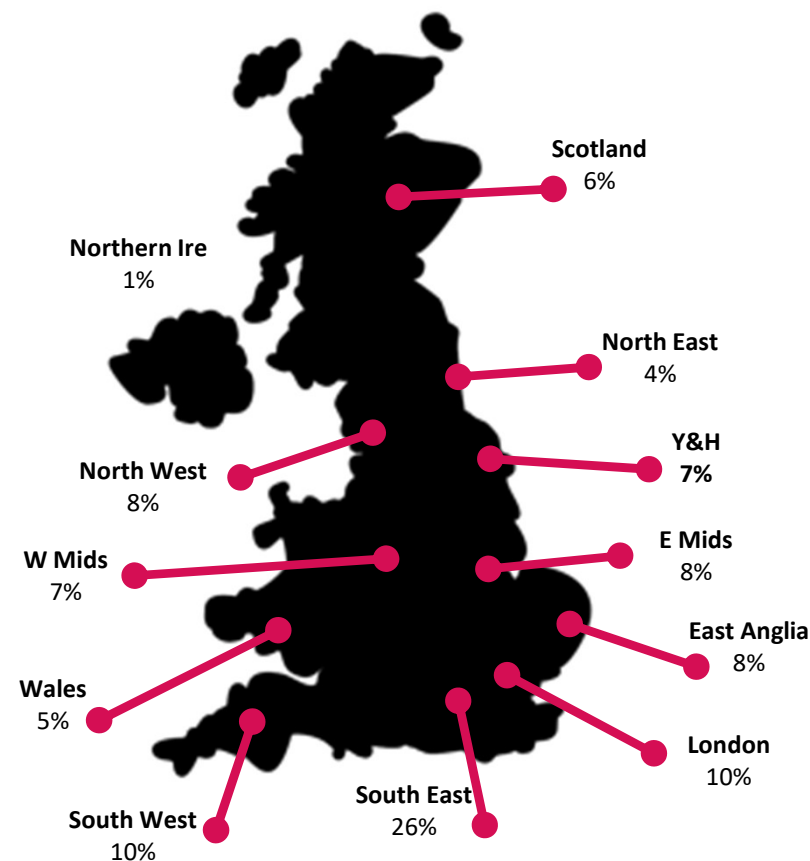


Fieldwork conducted by Eureka!
Research during Autumn 2023



Purpose: To gauge P&H business owners' perceptions of the state of the labour market, assess gaps, skill levels and attitudes towards apprenticeships. Additionally, to evaluate the current business trading environment and confidence levels

Survey participant regional breakdown



Survey participant detail

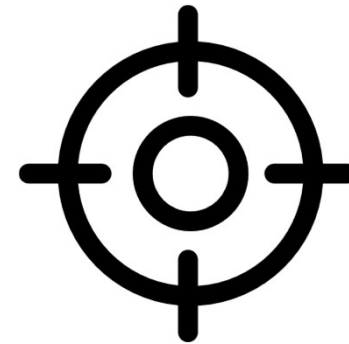
50 years

Average age of survey
respondents

65%

Sole trader
businesses

Eureka!
ILLUMINATING RESEARCH



Report focus

Report focus

An ageing workforce, skills gap, apathy towards apprenticeships and falling consumer confidence is seriously impacting the sector



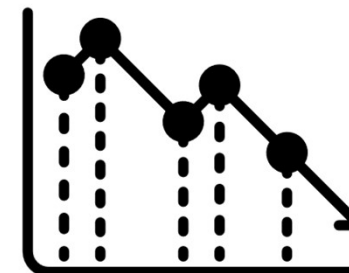
Alongside the wider construction industry, the UK P&H sector faces **several serious challenges**.

An ageing workforce combined with a pronounced skills gap already has government, industry leaders, and business owners seriously concerned and searching for solutions. This snapshot of the sector seeks to understand the broad challenges at business owner level, and identifies the general current apathy towards taking on apprentices

Ageing
workforce

Skills gap

Apprentice
apathy



As well as these wider recruitment conundrums, the sector is seemingly feeling the squeeze from falling consumer confidence too, as order books dwindle.

So, it is unsurprising that these twin threats are in turn leading to significantly declining business confidence too.

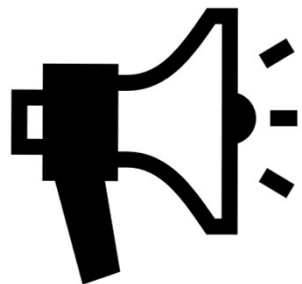




P&H sector employment conundrums

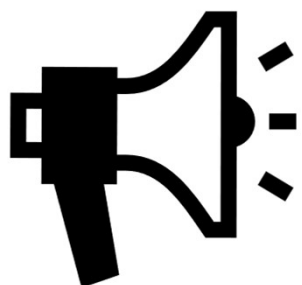
An ageing current workforce combined with a pronounced skills gap

The P&H sector has significant worker related challenges to overcome, but is not unique across the construction landscape



The heating and cooling installer workforce is predominantly male and white. Literature, surveys and stakeholder feedback all showed that the installer population is ageing, in line with the wider UK workforce. For example, the employer survey estimated that two-thirds of the installer workforce were aged 45 years or older and just over a third were aged 55 years or older.

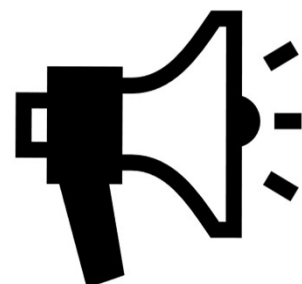
*Heating and Cooling Installer Study (HaCIS): Main Report
(Gov.co.uk)*



The report revealed a total of 73,700 plumbers are required by 2032, with the specialism alongside carpenters, bricklayers and electricians the most in need of trade skills.

The UK has seen a sharp rise in skills shortages across construction – from 29 per cent at the start of 2021 to 55 per cent at the end of the year 2021 – and these shortages persisted through 2022.

UK Trade skills index 2023



Energy Systems Catapult: “The latest data indicates that the median age of heating engineers today is 55, meaning many professionals will – over the coming decade – leave the workforce. This coupled with the large skills gap means that the heating sector is on a cliff edge. We must tap into a broader talent pool and bring more women and ethnic minorities into the fold.

HVP Feb 2023

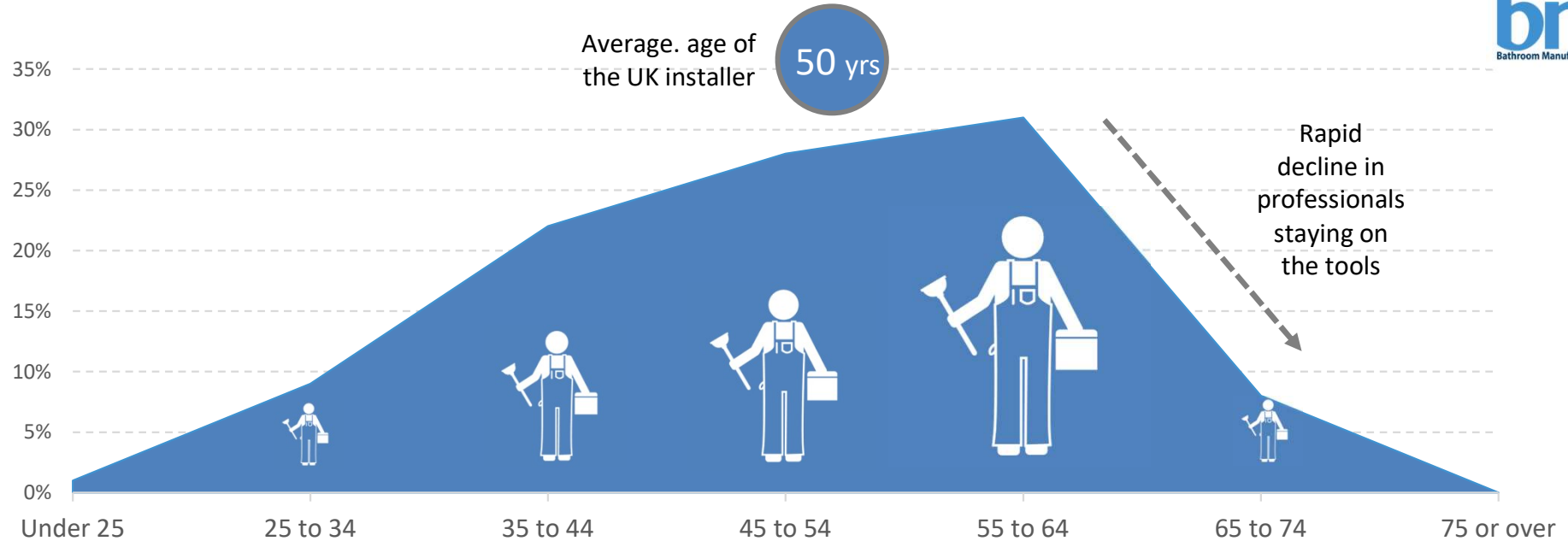
Eureka!
ILLUMINATING RESEARCH



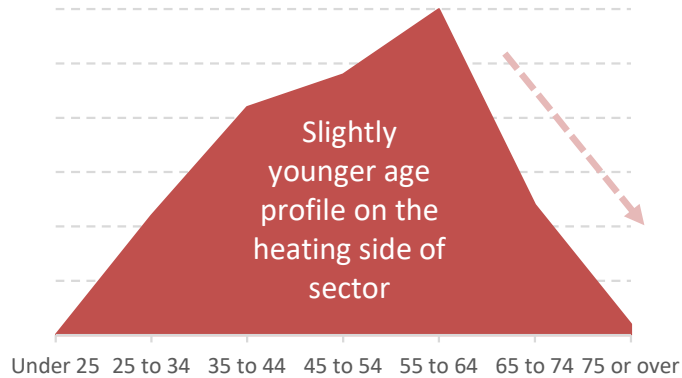
Our own research tracking the average age of plumbers/installers in the UK suggests that the mean average age of professionals in the sector is just over 50 and hence we echo the widespread concern regarding the ageing workforce

Age profile of the P&H labour force

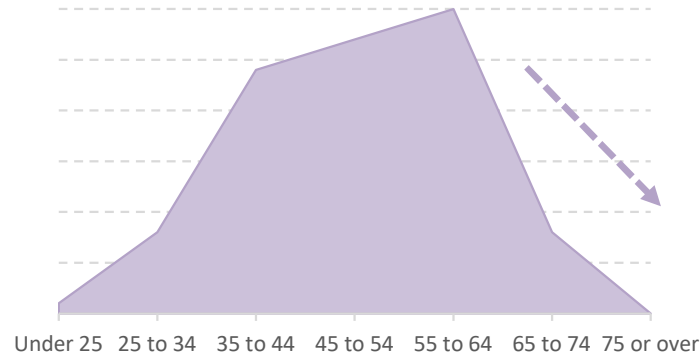
The average age of the UK installer is 50 years, but the underlying distribution illustrates that the majority are rapidly approaching the 'cliff-edge'



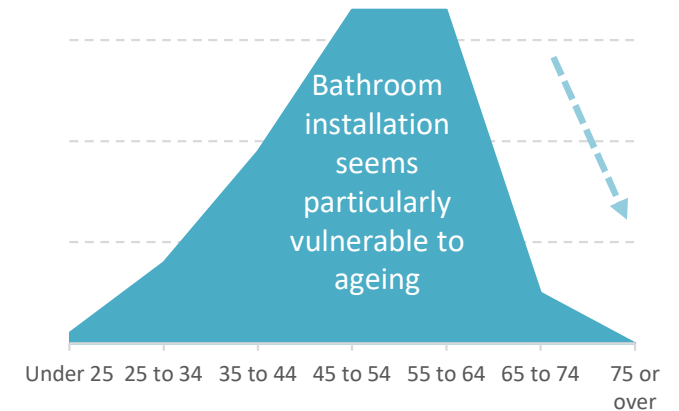
Heating engineer focus



Plumbing focus (P&H)



Bathroom specialists

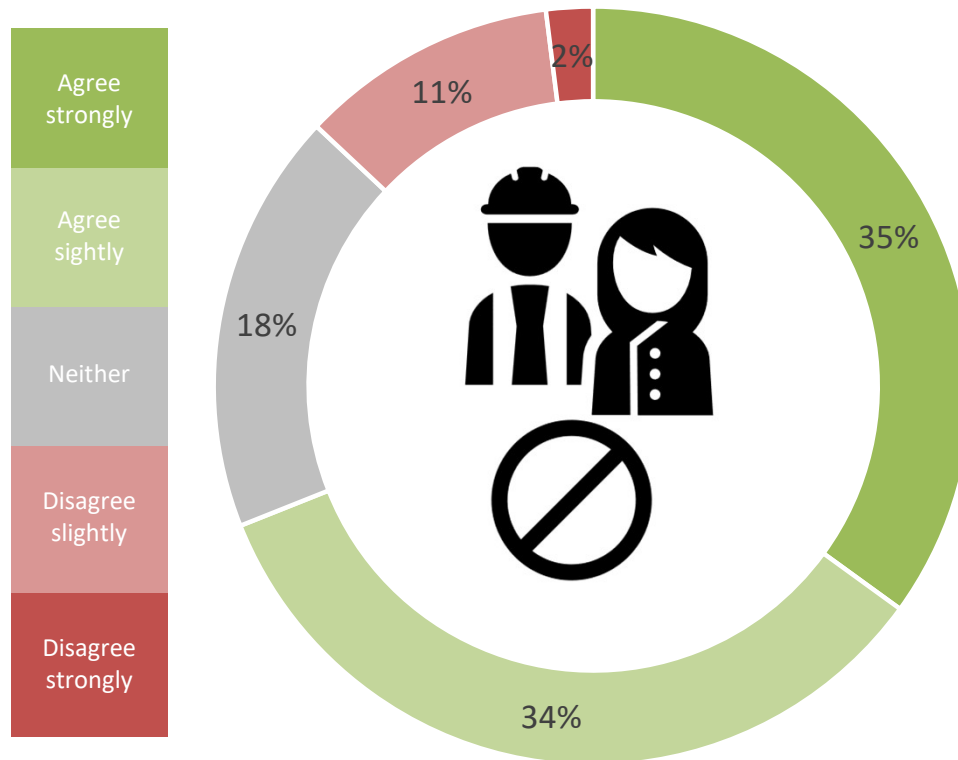


There are not enough skilled workers in this sector

Over 7 in 10 professionals agree that there are a lack of skilled workers, and this slows down productivity

There are not enough skilled installers/fitters around

7 in 10 agree, there are not enough skilled workers



This is an even more significant issue for those working in larger businesses, where 8 in 10 agree there are not enough skilled workers.

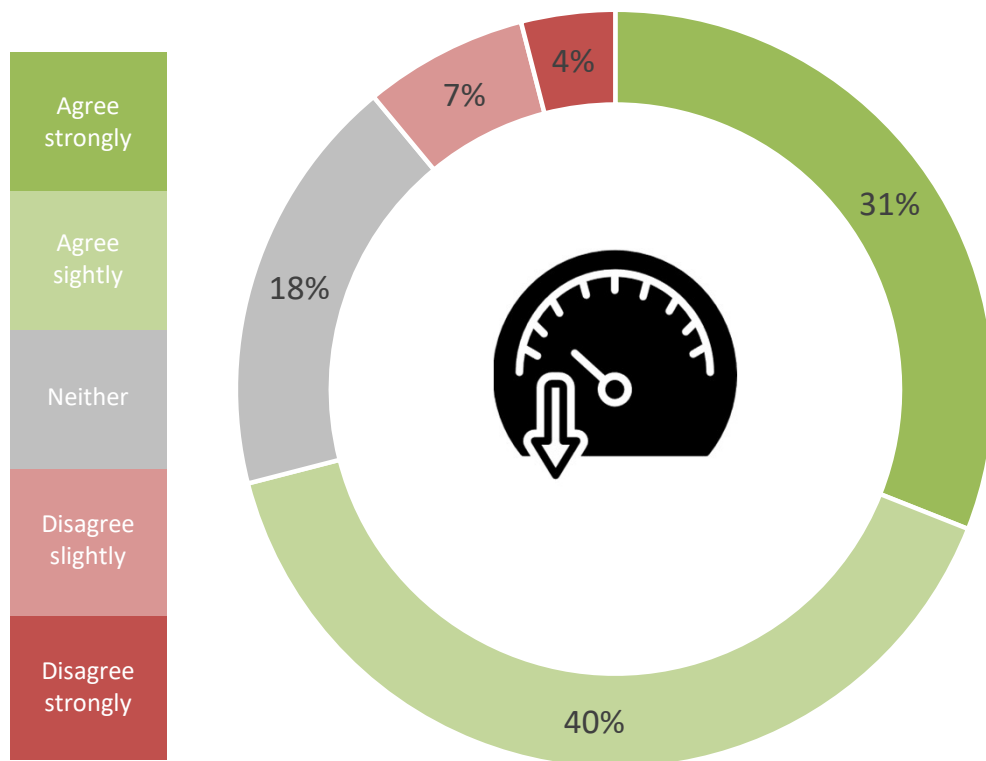


The wider construction skills gap is strongly impacting productivity in this sector

Over 7 in 10 professionals agree that there are a lack of skilled workers generally, and this also slows down productivity

Difficulties getting other trades on-site (e.g. tilers, carpenters, sparkies) slows my jobs down

7 in 10 agree, lack of trades = lower productivity



Again, this is unsurprisingly a more serious issue for larger businesses, where c.8 in 10 agree. Additionally, this lack of availability of complimentary trades is also a significant concern for those businesses most worried about their ability to survive the next 12 months



FEDERATION OF
MASTER BUILDERS

A recent FMB State of Trade survey revealed that 60% of jobs are stalled due to labour shortages

Are apprenticeships the answer? Are businesses interested?

Wider sector research reveals the size of the challenge



A recent consultation by the BIKBBI revealed that businesses identify several significant barriers that prevent them taking on an apprentice, with the top four presented here:

Our own survey data revealed that 7 in 10 business owners believe there are too many drawbacks to taking on an apprentice currently



Too much red tape 29%



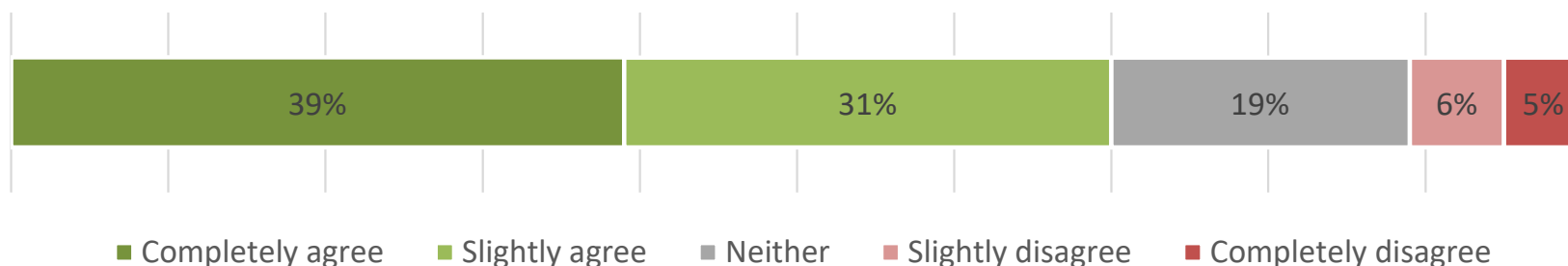
Lack of government support 18%



Too expensive 18%



Don't know where to start 16%

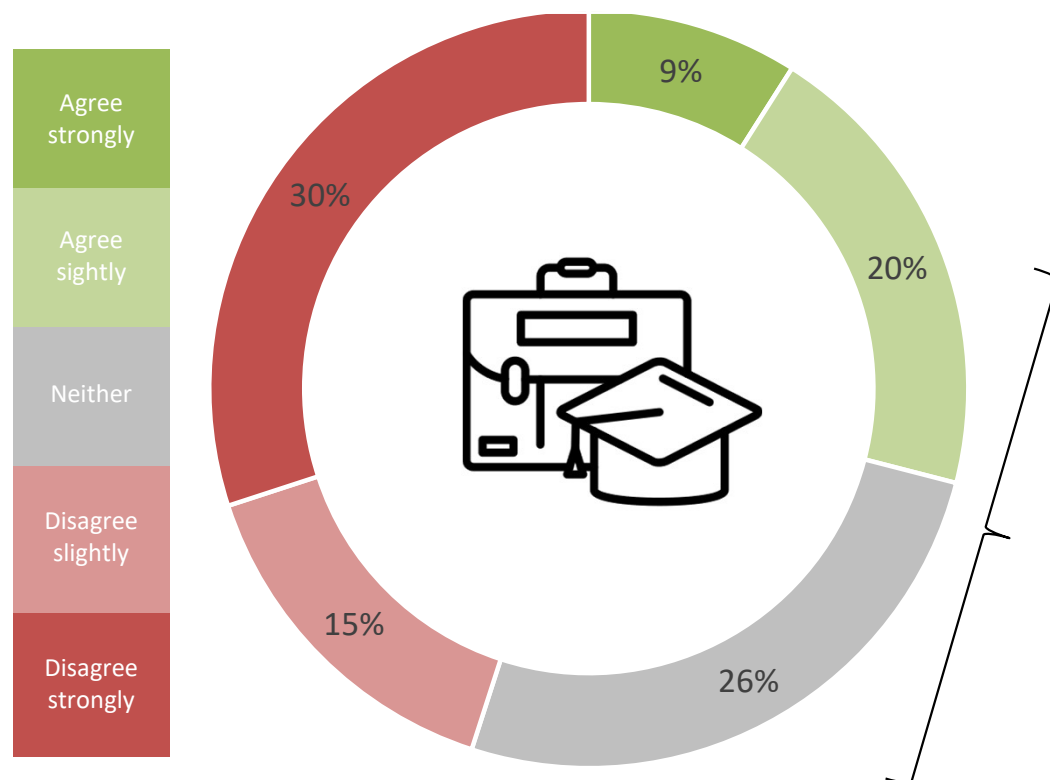


Apprenticeships – who is considering taking on an apprentice?

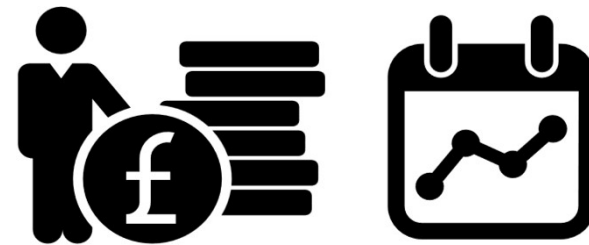
Fewer than 1 in 10 would strongly consider taking on apprentice in the next 12 months; this rises to 3 in 10 if we include those who agree slightly

I would consider taking on an apprentice in the next 12 months

c.1 in 10 strongly agree re employing an apprentice



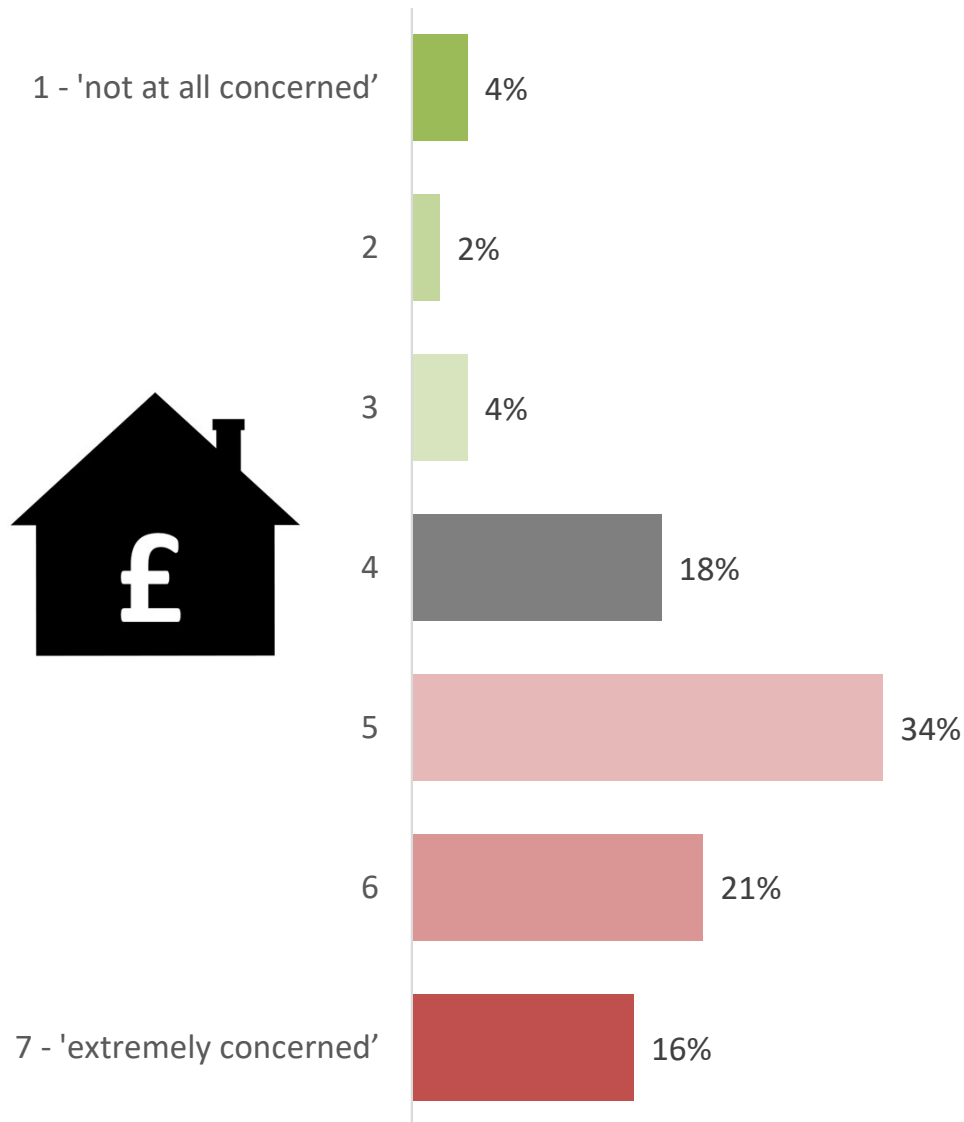
Although strong consideration to take on an apprentice is clearly low, there is a cohort of businesses (c.50%) who do not outright reject the notion and could be candidates to offer an apprenticeship if they are properly supported.



**Business confidence and
consumer sentiment**

Homeowner cost of living pressures are still expected to severely impact spending power

9 in 10 participants have concerns regarding homeowner future spend levels

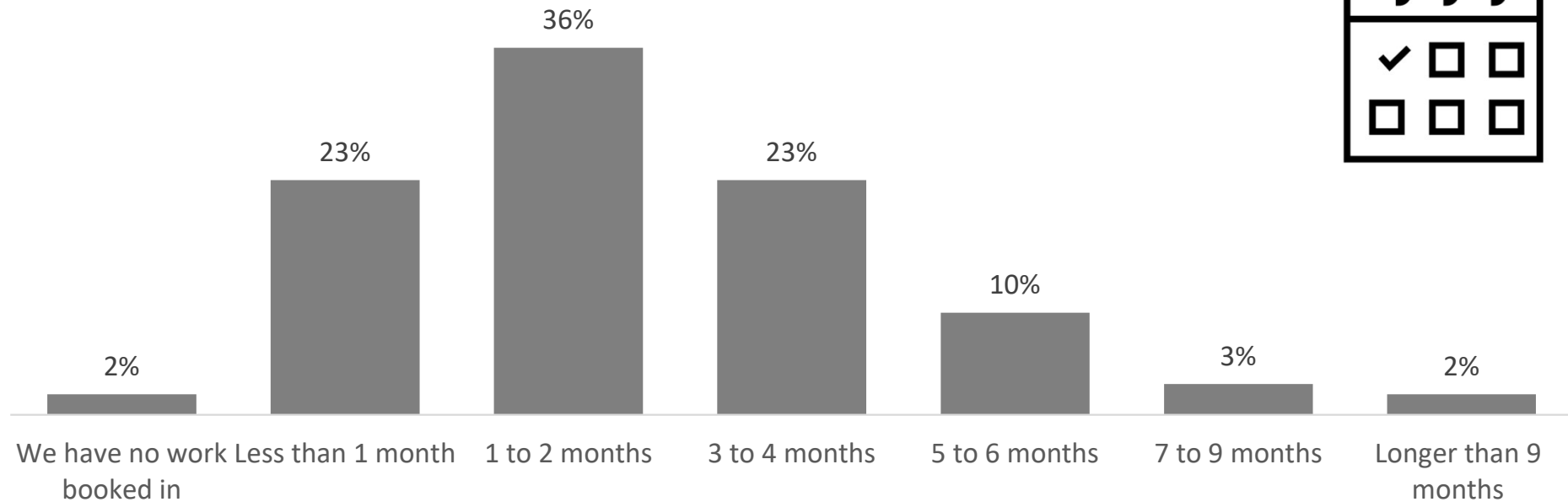
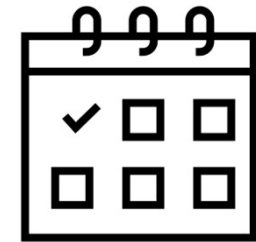


Over 3 in 4

business owners are still concerned regarding the impact of cost-of-living increases on future household spending. This is strongly consistent with our finding 12 months ago, although, there are fewer now selecting 'extremely concerned' (down 13pts)

A dwindling future work order book

Average order book is now 2.5 months but 1 in 4 do not have jobs booked in beyond the next month



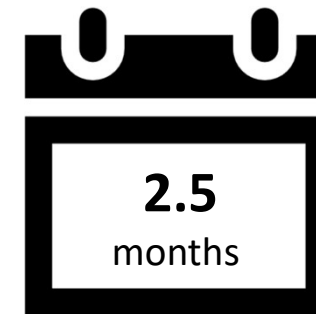
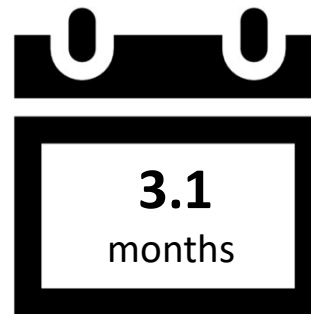
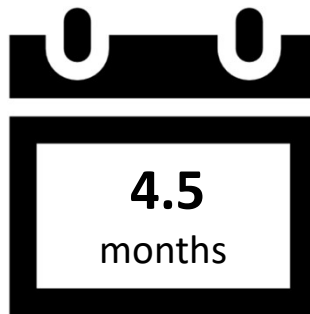
Summer 2021

Summer 2022

Summer 2023

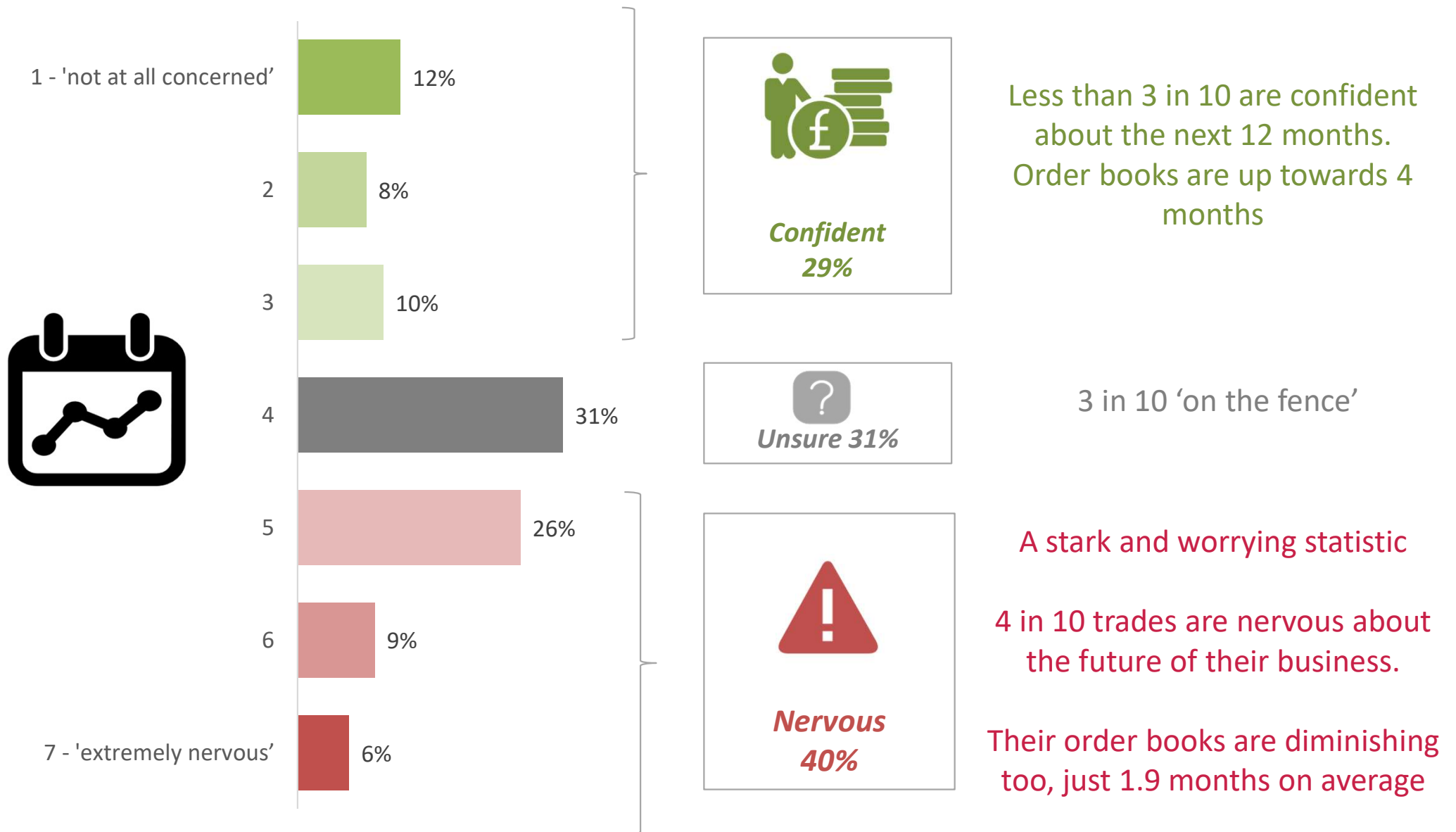
Average
order book

Eureka! tracking
data



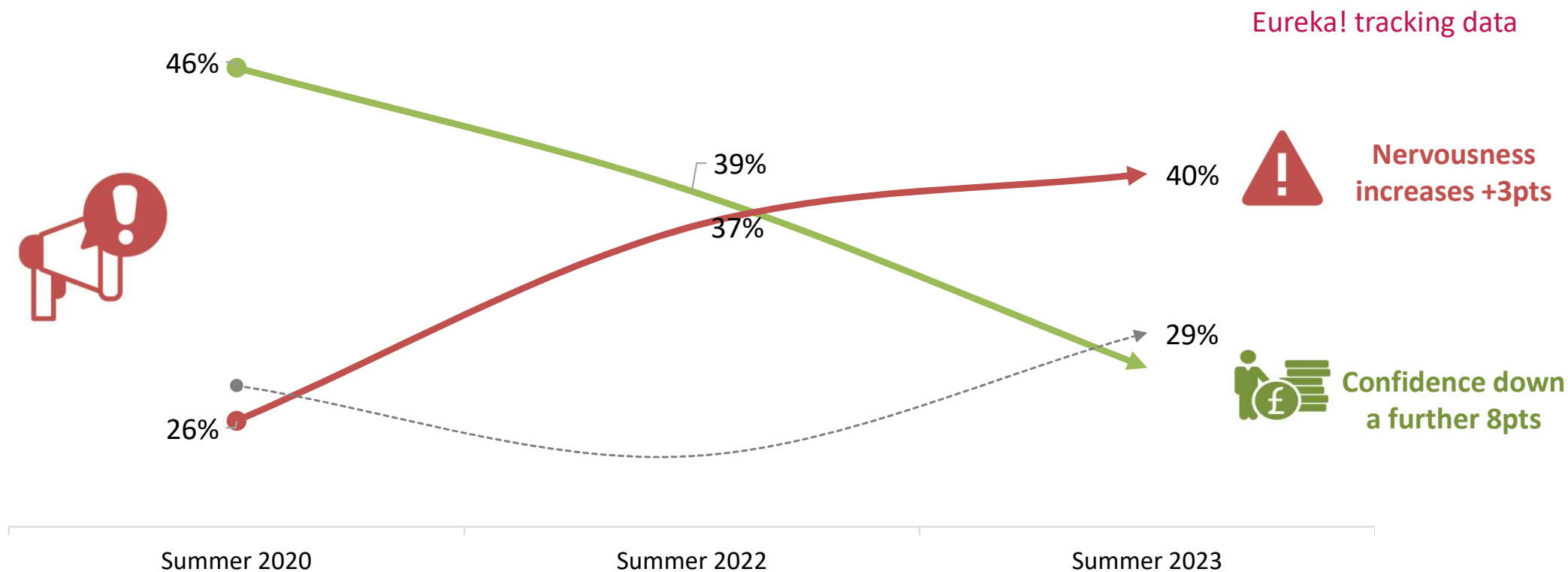
A distinct and worrying lack of business confidence in the next 6 to 12 months

7 in 10 not confident about the next 6-12 months; 4 in 10 nervous



A continuing downward trend in business confidence over time

A quite staggering loss of business confidence, falling 17pts since summer 2020



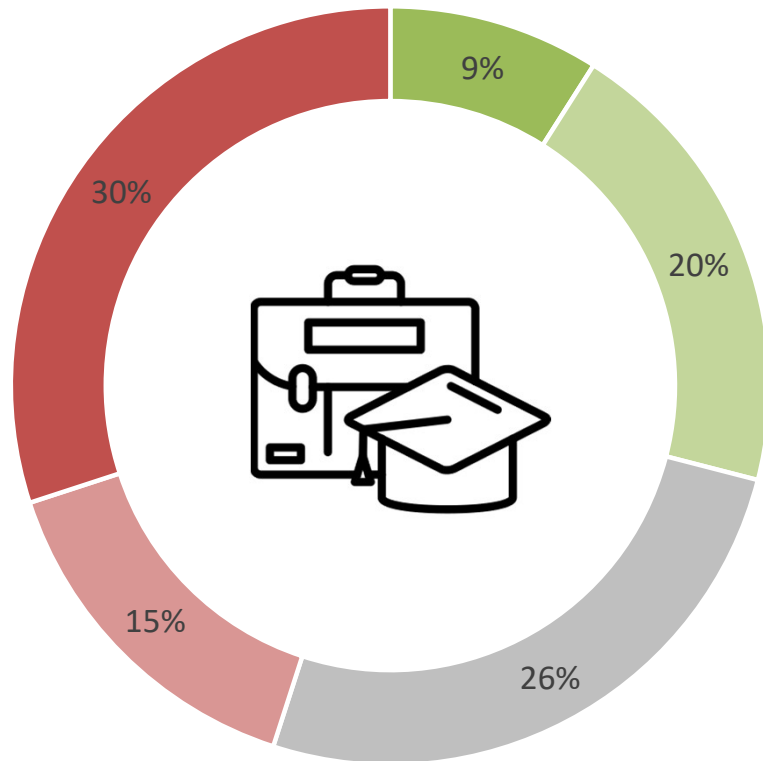
Recent figures released through the BMF's latest Plumbing and Heating Merchants Index (PHMI) also confirms that year-on-year volumes are down

Apprenticeships – How does business confidence impact intent to recruit an apprentice?

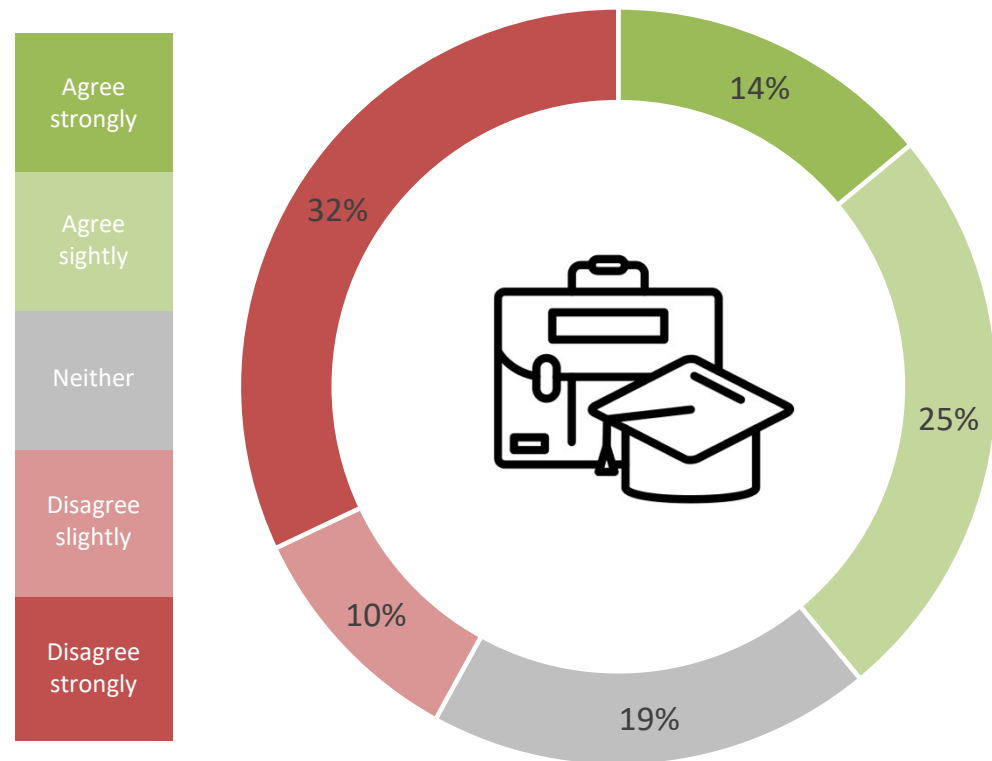
Clearly, the self-identified confident businesses are far more likely to consider employing apprentices (29% agree vs 39%)

I would consider taking on an apprentice in the next 12 months

Total survey sample



Businesses confident about the next 6-12 mths



A buoyant, confident business is far more likely to consider investing in apprenticeships. Economic surety leading to greater stability can increase business confidence and hence employee investments. There still appears to be a consistent number of firms who see considerable barriers to taking on an apprentice.

Eureka!

ILLUMINATING RESEARCH

A market research agency specialising in the home improvements sector

Eureka!

ILLUMINATING RESEARCH

Eureka! is a full-service Market Research agency that specialises in the construction and home improvement sector. We have decades worth of experience in helping businesses understand their target market and customers

We help brands understand the changing dynamic between consumers and tradespeople when undertaking home improvement projects

We also work with retailers, merchants and showrooms to shine a light on the purchasing experience and how expectations are evolving in this rapidly changing category



Product testing with installers and engineers



Usage and attitude studies with installers



Understand channel shift and other purchasing behaviour



Understanding specifier needs



Test brochures and collateral with trade or consumers



Track how tastes evolve amongst home owners and route to market



Measure satisfaction, loyalty or NPS in merchants



Mystery shopping (in merchant or showroom)



Dave Ruston

dave@eurekaresearch.co.uk



Richard Mace

richard@eurekaresearch.co.uk

www.eurekaresearch.co.uk / 0121 314 3210

Twitter: @eurekaMR / Instagram: @eurekaresearch