# A Commitment to People "Our Biggest Asset"

**A report from the Movement for Innovation's working group on Respect for People**

RETHINKING CONSTRUCTION

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November 2000

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Off-Site Working Environment: Pocket Checklist *(action theme at 6.6)*

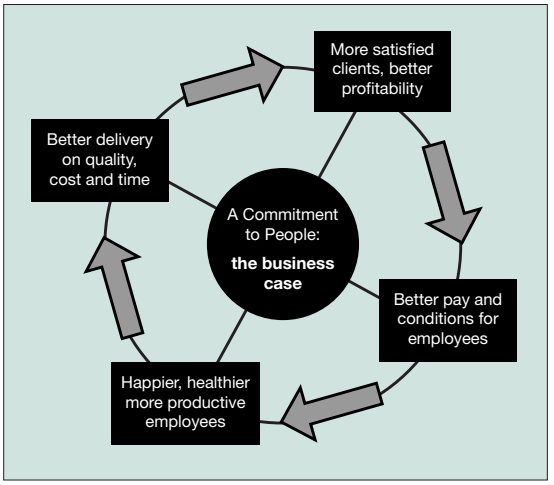
# A Commitment to People "Our Biggest Asset"

## A REPORT FROM THE M⁴I's WORKING GROUP ON RESPECT FOR PEOPLE

## 1 SUMMARY

This is our response to the challenge to find practical and effective ways for the construction industry to radically improve its performance on people issues.

There is a **strong business case** for such improvement. This hinges on the '3 Rs' – firms who fail to improve their attitude and performance towards **respecting** people will fail to **recruit** and **retain** the best talent and business partners. To improve performance, it is important to involve, engage and empower all people in issues that directly affect them. Without this, business will be lost and profits will fall.




We have identified six **action themes**: Diversity, Site welfare, Health, Safety, Lifelong learning, and Off-site welfare. We have developed a set of **toolkits** in the form of checklists for each of these themes.

We propose a framework of **performance measures**, of which the headline measures are:

| | |
|---|---|
| Employee satisfaction | 1-10 rating |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents |
| Absence from work | Absence as a % of 'normal' working time |
| Safety | Working hours since last lost-time accident<br>Reportable accidents per 100,000 employed (including fatalities) |
| Training & development | % of workforce qualified/certified |
| Diversity | *Possible new measure to be developed* |

Our over-arching recommendation is that construction firms of all kinds and sizes should commit to achieving the standard of **Investors in People**.

**Implementation** of our recommendations requires *Rethinking Construction* partners to identify demonstration projects and firms to test the new toolkits and to review and revise them in 2001/2002. Wider dissemination and implementation across the whole industry will then require a pan-industry partnership of many industry bodies including the Construction Industry Board and its umbrella bodies, the Construction Industry Training Board and others, the trades unions, and the government.

**Measurement** is a fundamental tool in bringing about change. Use of Key Performance Indicators (KPIs) relies on a DETR data collection mechanism that is reliable and robust.

# 2 INTRODUCTION

The Movement for Innovation (M4I) works with the Housing Forum, the Local Government Task Force (LGTF), and the Central Government Task Force (CGTF)/Government Construction Clients Panel (GCCP), to achieve radical improvement in performance within the construction industry, under the banner of *Rethinking Construction*.[1] Much work is already underway covering the development of products, processes, supply chains and partnering to meet this drive for radical improvement.

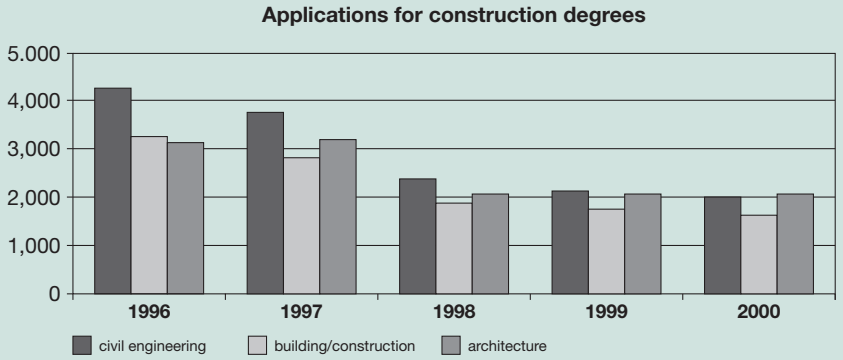
However, while there is no doubt that these are important factors, change and improvement will only happen through people, and in particular the efforts of all people working in the industry – it is they who ultimately determine practice and performance. They are our biggest asset. A commitment to people, demonstrating respect and providing the right conditions to support their endeavours is essential.

Unfortunately, the industry's record on people issues is poor despite the efforts of a number of firms who have already made significant improvements. Reports from trade unions about breaches of employment law and the lack of basic employment rights add further weight to the need for action. The situation has also been exacerbated by a reliance on temporary agency labour and self-employment. This perception of the industry is seriously damaging its image and reputation, and is discouraging potential recruits of all abilities from joining or remaining within it. This has led to a skills shortage.

**Attracting young people**

The Construction Industry Training Board (CITB) estimates the industry will require about 73,000 new recruits each year for the next five years, in a national context of government policies to encourage more young people to enter further and higher education (68% of school-leavers in England in 1998 remained in education compared with 61% in 1991). This represents a significant decline in the 'traditional' source of construction recruitment (UCATT reports that 40% of all males leaving school at 16 enter the construction industry).

Applications for construction courses at colleges of further and higher education have risen from 29,000 in 1997/8 to 42,000 in 1999/2000. However, applications to university courses have gone down dramatically over the last five years, by 34% in the case of architecture rising to 50-52% for building/construction and civil engineering.




1 *Rethinking Construction* (1998) was the report of Sir John Egan's Construction Task Force, which set the national agenda and framework for improving the performance of the industry. Key to delivering targets for improvement, are 'drivers for change'. One of those identified was a 'commitment to people', as the industry does not yet recognise that people are its greatest asset and treat them as such. The report challenged the industry to set clear measurable objectives and to adopt quantified targets and performance indicators. Four organisations lead on implementing the principles of *Rethinking Construction* and report to the DETR's ministerial steering group: the M4I, leading on non-housing construction; the Housing Forum, leading on housebuilding, including repair and maintenance; the LGTF, leading on best practice for local government clients; and the CGTF, leading on best practice for central government clients.

The industry needs to change its recruitment policies if it is to maintain, let alone grow, its share of talented people. *Respect for people* is therefore not an isolated issue, separate from the business imperatives of winning work and making a profit – it is essential to business success. Every firm[2] needs to recruit and retain talent if it is to respond quickly and positively to accelerating changes in technology and management processes, to rapidly changing markets, and to increasingly fierce global competition.

The industry cannot afford to overlook people issues if it is to plan effectively for the increased demands on it as a result of major investment in transport, infrastructure, health, education, and housing, and the big challenge this presents. If schemes are to be delivered without facing supply side constraints, skills shortages and increased costs, it will be vital to employ enough of the right people to do the right jobs in the right working environment.

To be able to recruit and retain the talent, which is essential for success, firms need to demonstrate day-in-day-out that they value all their workforce, their health, their safety, working environment, training and personal development, their diversity, and can demonstrate an active commitment to equal opportunities
for all. In order to win the fierce competition for more orders and better margins and provide value for money, they must first win in the increasingly fierce competition to recruit and retain the right people. Those who fail to see this connection will be left behind. There is no more urgent and crucial challenge to the future of this industry than how it addresses the '3 Rs': Respect, Recruitment, Retention.

**How are we doing?**

According to DETR statistics[3] and other sources, people working in the construction industry…

- are getting older;
  *10 years ago, 33% of the workforce was under 30 years old, this proportion is now 25%.*
- tend to be white males;
  *The current proportion of women in all positions in construction is 8.6% compared with 8.4% ten years ago. The proportion of the construction workforce from ethnic minorities is 2.3%, compared with 5.4% of all economically active adults.*
- are likely to work for a small firm;
  *93% of people in construction work for firms employing less than 8 people (83% work for firms employing only 3 people or less).*
- are quite likely to be self-employed;
  *36% of all people in construction are self-employed (second quarter 2000) compared with 45% five years ago.*
- are working longer hours than other industries;
  *On average (including overtime), male manual workers work 46.4 hours/week (of which 5.9 hours on average is overtime), their non-manual counterparts work 41.4 hours per week. These figures are 2 hours/week higher that the average for all industries and services.*
- are more likely to be involved in an accident;
  *The reported accident incident rate for construction was 1,254 per 100,000 employees in 1998/9, 30% lower than in 1991/2. This compared with 666 for all GB industries, 16% lower than in 1991/2.*
- are paid around the average for all industries and services.
  *Male manual workers earn £351 per week gross (compared with the average for all industries of £335), whilst male non-manual workers earn £509 per week (£525).*

2 Throughout this report, reference to 'firm' includes all relevant public, private and voluntary sector organisations operating within the construction industry.

3 Construction Statistics Annual, 2000 edition, DETR, October 2000.

## The challenge

At the M⁴I's Conference in summer 1999, Nick Raynsford, Minister for Construction, challenged the industry to radically improve its performance on people issues. In response to this challenge the M⁴I set up a working group on *respect for people*.

The working group was charged with identifying *practical* and effective ways in which the construction industry could improve its performance under this heading. Continuous improvement was not enough. Radical improvements needed to be identified which could be measured and tracked through a range of performance measures.

The overall theme of *respect for people* is a broad one, and the working group broke the work into seven subgroups covering the following inter-related themes:

- Diversity in the workplace
- Site facilities and the working environment at site level
- Health
- Safety
- Career development and lifelong learning
- The working environment off-site
- Behavioural issues

# 3 THE BUSINESS CASE

Improving the industry's *respect for people* is not a high-minded aspiration; it is a business necessity. For some firms, highly publicised examples of their failure to address people issues have resulted in significant adverse publicity, payment of heavy penalties, and a negative impact on their name and organisational credibility.

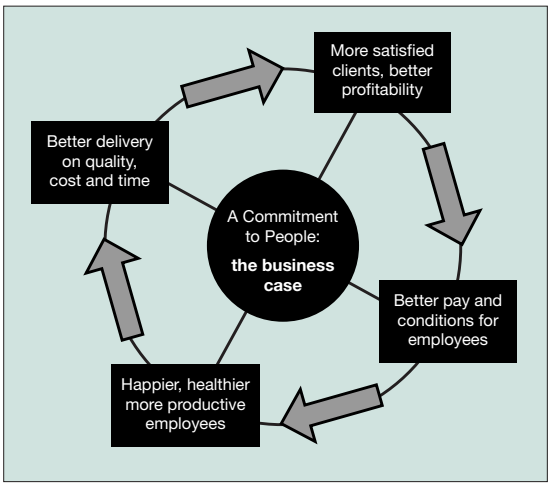
Those who fail to improve their attitude and performance towards **respecting** people will fail to **recruit** and **retain** the best talent and business partners. The cost to a business of such failure can only be guessed. Team working or partnering will not become a reality. It will not be possible to keep up with the leaders in process innovation or productivity. Ultimately, business will be lost, and profit will fall.

Directors and senior managers of firms are concerned with the long-term direction of their businesses; they need to set objectives with varying timeframes. However, 'risks' can create obstacles to achieving those objectives and can make the outcome very different from the plan. Because risks can have a large impact on how a firm performs, risk management should be a prime concern. New rules for listed companies make this compulsory, but for everyone it is good business practice. Some of the risks are financial – concerning availability of capital, protecting cash flow and financing business development. But some of the risks concern what many refer to as their greatest asset – their employees and other people who work for them, including the self-employed, subcontractors, and suppliers.

Leading firms have found that financial indicators must be augmented by a variety of non-financial measurement techniques including indicators on people issues. They are recognising that failure to respect people can damage the bottom line, perhaps irreparably. Perhaps most damaging of all, there is often a chasm between the respect demonstrated towards operatives ('blue collar' workers) and that shown for 'white collar' workers, yet project delivery is equally dependent on good performance from everyone. By defining, capturing, and reporting on non-financial indicators relating to people issues as part of performance measurement, firms are finding new ways to improve their performance and safeguard their reputation. This can create a new type of competitive advantage by linking value and values, positioning themselves as firms of choice with customers, their workforce, investors, suppliers, business partners and local communities. There are good business reasons for looking after people.

All firms, large or small, specialist or supplier, consultants or constructors, indeed all parts of the supply chain, should quickly see the benefits if they practice *respect for people*. Improved safety, health, working conditions, investment in training and a more diverse workforce will be appreciated, increasingly leading to financial success. Eventually, all those working in a firm or on a project will enjoy a level of professionalism unknown in the past leading to benefits such as:

- A better standard of work
- More cost effective projects
- Fewer delays and expensive mistakes
- Fewer accidents and less ill health
- Reduced staff turnover
- Earlier completion dates
- An advantage over the competition
- More repeat business




The general business case for a commitment to people can be summarised in the diagram (opposite). Further detail on developing the business case for the specific action themes can be found in section 6.

# 4 PERFORMANCE MEASURES

The KPI report for the Minister for Construction,[4] by the KPI working group (January 2000) defined a three-tier hierarchy of Key Performance Indicators (KPIs). A **headline** indicator is critical to the overall success of a firm, whereas **operational** indicators are designed to enable management to identify and focus on *specific aspects* of the firm's activities for improvement. **Diagnostic** measures, designed to be used alongside the toolkits, checklists and scorecards, provide information on why certain changes may have occurred in the headline or operational indicators and help to analyse areas for improvement in more detail.

Other than achievement of the Investors in People standard, as an 'overarching' indicator of performance, the performance measures proposed by the *respect for people* working group can be summarised under each of these categories as follows:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction (all 7 themes[5]) | 1-10 rating (***cf current KPIs for Client Satisfaction***) | Headline |
| Staff turnover (all 7 themes) | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work (all 7 themes) | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence | Operational |
| Safety | Working hours since last lost-time accident | Headline |
| | Reportable accidents per 100,000 employed (inc fatalities) – ***existing KPI*** | Headline |
| | Reportable accidents per 100,000 employed (non-fatal) – ***existing KPI*** | Operational |
| | Fatalities per 100,000 employed – ***existing KPI*** | Operational |
| | Lost time accidents per 100,000 hours worked – ***existing KPI*** | Operational |
| | Accidents travelling to or from work per 100,000 employed | Operational |
| Working Hours (*Health, Safety, Diversity, Behaviour*) | 'Normal' working hours per week | Diagnostic |
| | Travelling hours as % of 'normal working hours' | Diagnostic |
| | Miles travelled to and from work per week per employee | Diagnostic |
| | Overtime as % of 'normal working hours' | Diagnostic |
| Diversity | *Possible new measure to be developed* | *Headline* |
| | Proportion of white males (by type/level of work) | Operational |
| | Proportion of women (by type/level of work) | Diagnostic |
| | Proportion by ethnic origin (by type/level of work) | Diagnostic |
| | Proportion in age bands (16-18;19-25;26-44;45+) | Diagnostic |
| Training and development | % of workforce qualified/certified | Headline |
| | Annual training/development days per employee | Operational |
| Pay | Annual pay per employee (by types of work) | Diagnostic |

4 Published jointly by DETR, M4I, CIB, Construction Best Practice Programme (CBPP).

5 The seven themes are diversity, site facilities and the working environment at site level, health, safety, career development and lifelong learning, the working environment off site, and behavioural issues.

Of the proposed headline measures in the table, the most representative of the entire *respect for people* agenda is 'Employee Satisfaction'. However, developing a pan-industry measure of employee satisfaction, based on a standard template for a survey, will take some years to develop and then implement. In the meantime, People Turnover and Absence from Work are recognised as good proxies for, and complimentary to, this measure on two counts:

a) whereas the survey might be viewed as a subjective or 'soft' measure, 'hard' data is readily available on people turnover and absence from work from the Labour Force Survey (LFS); and

b) there is a direct association between these two measures and business costs related to recruitment and working days lost.

The working group also decided that the percentage of the workforce qualified or certified to an agreed industry standard is an important headline measure. CITB and others are developing a proposed 'standard' and once completed the intention would be to incorporate it as a headline measure.

There is also a strong case for Diversity to be ranked as a headline measure within the *respect for people* agenda to give it the necessary profile; the industry is predominantly white and male, and unrepresentative of the total workforce. However, it is recognised that the operational measures recommended for Diversity fail a number of the suggested criteria for a good headline measure, so further work is required on this theme. In the meantime firms should begin to collate the recommended operational and diagnostic measures under this theme. This is discussed further in section 6.1.3.

Collectively these measures should, for the first time, provide the basis for some standardised measures of people issues. It is for individual firms to set their own targets for improvement and indeed to define what they regard as representing improvement within the context of their own business and their plans for the future. Firms may want to supplement some or all of the performance measures recommended in this report with their own indicators to measure and monitor progress against specific issues that they see as being particularly important to business efficiency. It is anticipated that individual clients and customers will decide for themselves what emphasis, if any, to place on performance against these measures when deciding on the award of individual contracts.

The real benefits of measurement are, however, likely to be achieved by those firms that undertake performance measurement as a matter of course, identify problems or scope for improvements, and take appropriate action. The *respect for people* toolkits provide the starting point for this, enabling firms to identify *why* their performance is measured as good, bad or indifferent, and provide the basis for action to improve.

### Integrating *respect for people* into the Construction Industry KPIs

The second annual Construction Industry KPIs,[6] relating to performance in 1999, were published in April 2000 in the format of an overall industry wallchart and a KPI pack containing a handbook and wall charts, for a number of sub-sectors. They are intended for use by individual firms wishing to measure and compare their performance. They also form the basis of an annual report on the performance of the industry as a whole.

6 The Construction Industry KPIs have been produced by a partnership of the CIB, DETR, and the CBBP using data from the DETR, Building Cost Information Service, Construction Clients Forum (CCF), Health and Safety Executive (HSE), and Dun & Bradstreet and other third-party financial analysts. Further information is available from the website address http://www.cbpp.org.uk.

The ten Construction Industry KPIs are currently:

| | |
|---|---|
| Client satisfaction – product | Profitability |
| Client satisfaction – service | Productivity |
| Defects | Safety |
| Cost predictability (design, construction) | Cost |
| Time predictability (design, construction) | Time |

These all meet the following criteria for a good measure:

- They measure something of importance to a customer.
- They measure something that needs to be improved.
- It is straightforward to understand what is bad and what is good performance.
- Firms can measure their own performance against the full range of industry performance with ease.

As far as possible, the CIB, CBPP, M$^4$I and DETR seek to reserve the term 'KPI' for this set of Construction
Industry headline measures. The current set already features the people-related measure of safety. For the next edition to be published in 2001, it is intended that an additional KPI relating to People will be included, either in addition to the above 10 or replacing one of them. This is likely to derive from the headline measure of People Turnover as recommended above, provided that valid pan-industry data can be obtained.

To this end, the working group initiated a study into possible data sources for all these performance measures. The study concluded that the LFS, with around 12,500 data sets on construction industry personnel, was likely to yield the most useful data. However, the statistics are not available in a readily useable form and further work is required before a judgement can be made on its suitability for inclusion in the Construction Industry KPIs.

Data that is not available from the LFS will need to be generated. This would be a major undertaking involving the following actions:

- promoting the messages of this report to construction firms and clients;
- encouraging businesses and projects to measure and record their performance;
- encouraging existing benchmarking clubs to collect and compare data on management issues associated with *respect for people*;
- modifying existing surveys such as the LFS and DETR's data collection mechanisms.

In particular, employee satisfaction should be measured by a firm through a survey. Some firms already do this, and to help other firms a standard survey should be developed, which can be used by firms across the industry.

In the longer term, the ultimate aim is to develop a KPI based on pan-industry 'employee satisfaction'. Consideration should be given to a pan-industry survey to track employee satisfaction at perhaps 2-5 year intervals and to provide a baseline against which individual firms can assess their own employees' satisfaction.

# 5 CROSS-CUTTING THEMES

## 5.1 INVESTORS IN PEOPLE

The main 'overarching' theme emerging from most subgroups was Investors in People (IiP). Several groups began to consider the content of a suitable checklist for their theme, only to find that the IiP standard already addressed the issues more than adequately. **Therefore a key recommendation of the working group is that firms of all shapes and sizes** – clients, consultants, contractors, specialists, suppliers, large and small – **should commit to the Investors in People standard as the most effective and most systematic means of developing and demonstrating *respect for people*.** At present only 10% of the construction workforce is covered by IiP, compared with an industry average of 33%, and only agriculture, forestry and fishing have a lower proportion of the workforce covered.

The framework for the IiP standard is reproduced at Annex 3. A new edition was published in 1999 which, as a number of construction firms have testified, is much improved, based as it is on outcomes rather than processes. Two existing guidance documents for construction industry firms provide excellent assistance:

- A framework for business improvement – Investors in People and the construction industry, Construction Confederation/GTI, May 1998 (new edition November 2000).
- A framework for business improvement – a guide to Investors in People for consultancy practices, Construction Industry Council (CIC)/GTI, April 2000.

## 5.2 WORKFORCE INVOLVEMENT

*Respect for people* means that all workers need to be consulted, involved, engaged, and ultimately empowered in a spirit of partnership – not just management. The workforce on site is a rich source for ideas to improve the way work is carried out. And involving the workforce will not only demonstrate that they are respected and valued, but will improve productivity and quality.

Put another way, the subject of most of the action themes applies equally importantly to everyone who works in the industry within construction firms of all shapes and sizes – from senior management to all those working on construction sites; those working for clients, consultants, contractors, specialists, suppliers; those working for large, medium and small firms. But the working group recognises that most of its toolkits as developed thus far tend to be written in a language and style for use by managers. To address this at site level, the working group has developed a checklist specifically aimed at 'Site Workers'.

The trade union movement has demonstrated a positive approach to the *respect for people* agenda and will perform a vital role in disseminating and implementing the working group's proposals for the need to involve the workforce.

## 5.3 BEHAVIOURAL ISSUES

Behavioural issues was the subject addressed by the seventh subgroup, which asked itself the fundamental question of why people behave the way they do in the UK construction industry. The common assumption is that people in construction behave poorly by way of comparison with other industries, and that, in construction, adversarial behaviour is the norm. Thus the hypothesis was that if people are put into adversarial situations, they will behave in adversarial ways.

In order to make a business case for improvement in behaviour, it is necessary to understand:

- how behaviour impacts on performance;
- whether co-operative behaviour improves performance compared with adversarial behaviour; and
- how performance-related behaviour can be measured.

The question that needs to be asked is: What is happening on 'good' behaviour projects by way of comparison with 'poor' behaviour ones that gives rise to improvements in performance? The 'Building Down Barriers'[7] model of supply chain management, tested on pilot projects at Wattisham and Aldershot, has shown that integration of the supply chain leads to productivity and quality gains, and also has a positive effect on behaviour. Generally, however, there is insufficient information on this theme. Answers are not available from current or past research, and there is very little specific data or research about behaviour in construction. But most agree that adversarial behaviour is widespread and that it is a problem. **The working group believes that this is the basic driver of the poor levels of performance across the whole agenda of the '3 Rs' of *respect for people*.**

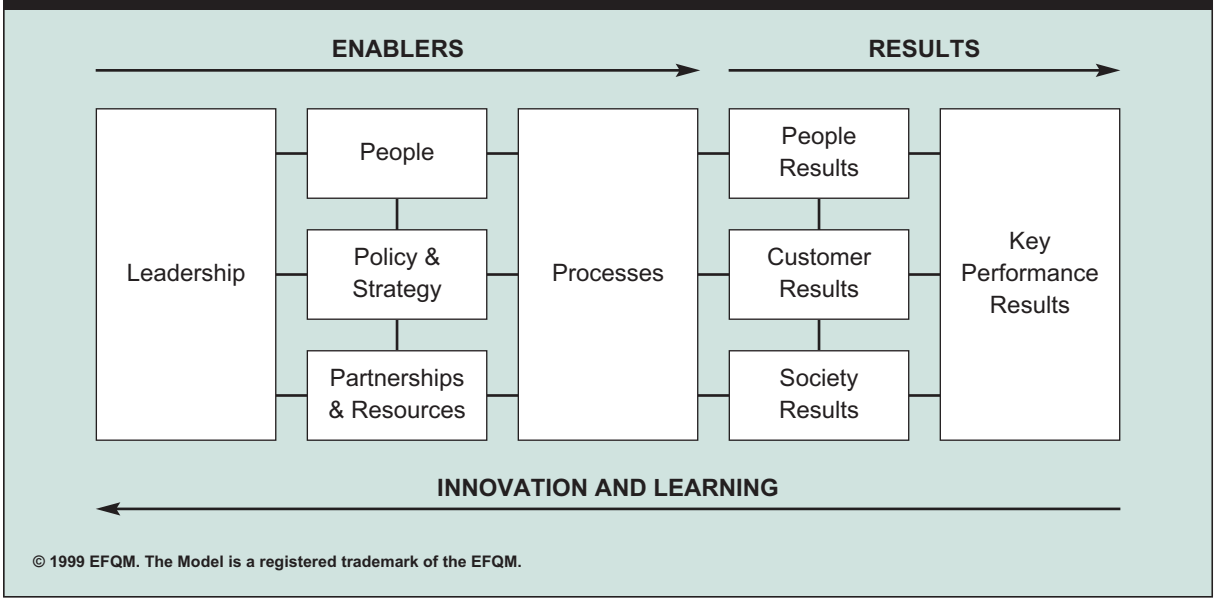
Hence there is an urgent need for further research into behaviour in the UK construction industry. The research should focus specifically on three main areas:

- The causes and effects of adversarial behaviour.
- The impact of contracts on behaviour.
- How behaviour impacts on performance.

## 5.4 OVERARCHING MANAGEMENT FRAMEWORK

All six action themes identified in this report, form an integral part of the process towards achieving sustainable excellence in the construction industry. In order to instigate and achieve effective radical improvements, firms – regardless of sector, size, structure or maturity – must first identify how their objectives fit within their corporate strategy and overarching management framework. The diagram below, taken from the EFQM Excellence Model,[8] a well-proven business tool, illustrates the fundamental importance of people as both 'enablers' and 'results'.

**The Business Excellence Model/EFQM Excellence Model**




7 a project set up in 1997 and sponsored by Defence Estates, within the Ministry of Defence, and the DETR. The productivity and quality gains on the two pilot projects are evaluated and disseminated to the wider industry by the Tavistock Institute. In both cases, adversarial relationships were found to be non-existent and mutual support the norm throughout both teams. Results are published in regular evaluation reports.

8 promoted by the British Quality Foundation, the EFQM Excellence Model is an example of a tool designed to enable firms to plan continuous improvement and monitor progress through regular self-assessment.

# 6 ACTION THEMES

The working group identified the following themes or action areas:

- Diversity in the workplace.
- Site facilities and the working environment at site level.
- Health.
- Safety.
- Career development and lifelong learning.
- The working environment off-site.

In choosing these themes, the working group was conscious of clear linkages and overlaps between all of them. However, it was felt important to give each theme prominent attention.

A particular feature is the separation of health from safety. The working group's view is that health as a separate problem has suffered from being coupled as 'health and safety', as most of the action over recent years has addressed the latter.

The separate deliberations of the first six subgroups (the theme of Behaviour is presented as a cross-cutting theme) are presented in the following sections under a common structure:

- An introduction explaining the scope of the theme.
- A business case for why firms should take action.
- Performance measures for the theme.
- Practical toolkits, comprising checklists, scorecards, and guidance for firms.
- Recommendations for further work.

The toolkits are designed to provide a simple introductory checklist and measuring device to help everybody understand the relevant issues and assess their own firm's performance. By assessing existing performance using the toolkit, a firm will be able to understand how well they measure up and how quickly and effectively shortcomings can be addressed. They will also be able to use the checklist to identify weaknesses and set targets for making improvements on a regular basis.

## 6.1 DIVERSITY IN THE WORKPLACE

### 6.1.1 INTRODUCTION

Diversity is about acknowledging and appreciating all the ways in which people differ, not just the more obvious ones of gender, ethnicity, disability, and age, but also the less visible differences such as background, personality and work style. It is about using these differences to advantage to enhance creativity, innovation and productivity. Managing diversity is about managing people who are neither like you nor who necessarily aspire to be like you, but who can make an effective contribution to your firm.

Diversity is also about recruiting and retaining the best people. As such it has become a major driving force in human resources policy today, and its effective management is increasingly regarded as a mark of professionalism. However, within the construction industry, evidence of discrimination and institutionalised racism as highlighted in the MacPherson report[9] (February 1999) indicates that a radical change in the culture of the industry is required. Clients, contractors, subcontractors and suppliers need to demonstrate that they will not tolerate any form of discrimination.

The construction industry on the whole is seriously under-performing on diversity issues, and the statistics speak for themselves.

The industry has an ageing workforce, very small proportions of women (most jobs in the construction industry can be done by women) and ethnic minorities – only 3% of construction professionals and 1% of craft operatives are women, and only 2.3% comes from ethnic minorities compared to 5.4% in the total workforce. New recruits from schools and other educational institutions are also in short supply. A research report commissioned by the CITB with Royal Holloway College, University of London, on the under-representation of black and Asian people in construction, stressed: the particularly low levels of awareness of the opportunities available in the construction industry amongst the 16-34 age group; that word-of-mouth recruitment practices are tending to exclude black and Asian people; and that there were few positive initiatives to tackle the issue of under-representation. Prospects are that the demographic make-up of the UK's population is set to change markedly in the future: some demographers predict that white people will be in a minority by the end of the century. Ethnic minorities already form the majority of the population in certain pockets throughout the country and there are forecasts which show that in London and other inner cities, ethnic minorities could form the majority of the population by the end of the decade – for example, they currently form 40% of the population of London.

The demographic make-up of the UK's construction workforce is critically unrepresentative of that of the total workforce and efforts should be made to bring it in line. This is a fundamental problem that the industry cannot afford to overlook.

The industry has failed to take appropriate steps to recruit and then retain a diverse workforce, nor has it been prepared to enable those from ethnic minorities to attain their full potential at senior levels.

A diverse workforce is one that is truly representative of the surrounding population inclusive of characteristics including ethnicity, gender, age and disability and as a consequence engenders mutual respect from clients and the wider community. Diversity recognises the value of each individual's potential and contribution to business success, where ability is clearly the only criteria applied for selection or promotion of employees. Quality, service and innovation are enhanced and the industry enriched by allowing the widest possible scope of ability and experience to be included.

9 The subject was a racial discrimination case against a construction project manager working for a contractor in the Midlands, which identified the insensitive treatment of black employees and their under-representation at all levels of the firm.

### 6.1.2 THE BUSINESS CASE

A successful recruitment process that recognises the importance of equal opportunities and diversity will result in a bigger pool of talent from which to select, and a rich knowledge exchange that helps to inspire creativity and as a result will help firms to sustain a competitive advantage. Good practice in this respect can only serve to enhance a firm's reputation and as a consequence increase business as others increasingly seek to work with like-minded firms that also value their people. The business case is persuasive.

| The business case for diversity | |
|---|---|
| • By opening up the field to candidates from all ethnic backgrounds and of either sex, without prejudice towards disability or age, or less visible differences, employers will have a bigger pool of talent from which to select the best available new recruits and will therefore enjoy an increase in the calibre of their employees. **Successful recruitment practice aimed at achieving a diverse workforce of top performers means employee retention, and savings on recruitment costs and induction training.** | ***widening the pool of talent*** |
| • Ensuring that every employee is respected – recognising that each one has an equally important contribution to make to the firm – makes them feel wanted and valued, and motivates them to become more involved and committed. The result is reduced staff turnover and absence from work. **A diverse workforce, where individuals feel that they 'belong', results in improved productivity and business performance.** | ***valuing employees*** |
| • Training and building awareness on diversity issues – targeted at individuals and all tiers of management throughout a firm – enables employers to implement their workforce diversity policy to best effect. It helps to avoid expensive, time-consuming litigation, and industrial tribunals dealing with cases of discrimination. **The cost of training and awareness building to create an enlightened workforce is money well spent; the cost of legal fees and employees' time in industrial tribunals is not!** | ***investing in building awareness*** |
| • Increasing numbers of investors, customers and clients seek to work with firms which share their positive approach to diversity. **Diversity issues are driving business policy in the UK. Firms that demonstrate good practice in these areas increase their customer base and workload.** | ***expanding customer base & workload*** |
| • A diverse workforce brings a wealth of knowledge and skills from different cultures, backgrounds and experiences. Taken collectively, these can improve business intelligence, creativity and the ability to succeed in the industry. **To have a workforce that is rich in knowledge, skills and experience demonstrates sound 'business acumen', and can create a sustainable competitive advantage.** | ***enhancing innovation & creativity*** |
| • A construction firm with a diverse workforce, that is representative of the demographic make-up of the region in which it is operating, relates better to its clients and also to the general public. As a result communication and customer care improve significantly, leading to increased and repeat orders. **A workforce whose diversity reflects the general public at large engenders improved understanding and respect from clients and from within the community.** | ***gaining work through diversity*** |
| • A firm that operates good practice and fair dealing in diversity issues will win a reputation that attracts a team of high achievers and will reduce staff turnover. This will improve its image and build a distinctive brand within the industry. **Good diversity practice attracts the best workforce.** | ***improving image & reputation*** |

### 6.1.3 PERFORMANCE MEASURES

Of the performance measures recommended in section 4, the following relate to the theme of diversity:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence. | Operational |
| Working Hours | 'Normal' working hours per week | Diagnostic |
| | Travelling hours as % of 'normal working hours' | Diagnostic |
| | Miles travelled to and from work per week per employee | Diagnostic |
| | Overtime as % of 'normal working hours' | Diagnostic |
| Diversity | *Possible new measure to be developed* | *Headline* |
| | Proportion of white males (by type/level of work) | Operational |
| | Proportion of women (by type/level of work) | Diagnostic |
| | Proportion by ethnic origin (by type/level of work) | Diagnostic |
| | Proportion in age bands (16-18;19-25;26-44;45+) | Diagnostic |
| Training and development | % workforce qualified/certified | Headline |
| | Annual training/development days per employee | Operational |
| Pay | Annual pay per employee compared with industry standards | Diagnostic |

There is a strong case for diversity featuring as a headline performance measure within the *respect for people* agenda. With the critical skills shortages, and recruitment and retention problems facing the industry, the effective management of diversity is inextricably linked to its future survival. A performance measure with 'headline' status would alert industry to the important profile of diversity management in this regard. The measures monitoring the percentage of white males, women, those from different ethnic origins, and different age bands within the workforce are consistent with the statistical monitoring recommended in section 7 of the diversity checklist. **However, as discussed in section 4, they do not lend themselves to straightforward application as a headline KPI for individual firms.**

An extra step is necessary, recognising that performance in diversity is best *diagnosed by* measuring performance against all the headline measures **and then disaggregating this performance according to the different categories of diversity** (eg gender, ethnic origin, age). Comparison of measured performance on measures such as Employee Satisfaction, Staff Turnover, Absence from Work, Training Days etc across the different categories would be an excellent way to identify potential strengths and weakness – for example, if employee satisfaction were consistently lower amongst women employees or those from ethnic minorities.

### 6.1.4 TOOLKITS AND GUIDANCE

The Diversity toolkit includes a checklist, scoring system, and radar chart that provides, in a logical and methodical format, a series of performance measures that form a measuring tool for senior management and human resources staff to help ensure the professional management and implementation of a diversity policy. By benchmarking existing performance using the tool, a firm will know how well they measure up and how quickly and effectively shortcomings are addressed. They will also be able to use the checklist to identify weaknesses and set targets for making improvements on a regular basis. In addition to completing the 'soft measure' scores that form the basis of the scoring system, workforce statistics as a 'hard measure', where indicated, should be recorded for cross-referencing and future comparison, in order to track **actual** improvements towards achieving a more diverse workforce over time.

The key areas that the checklist measures include:

- Diversity Policy & Implementation.
- Recruitment/Job Presentation.
- Selection/Promotion.
- Retention/Exits.
- Training.
- Management – Procedures & Practice.
- Monitoring/Policy & Strategy Review.

Diversity 'toolkits' in the form of factsheets have been developed by 'Change the face of construction', which provide firms with additional guidance on how to put diversity policy into practice. 'Toolkit 1' focuses on recruitment, 'toolkit 2' looks at how addressing diversity issues can help to retain the right employees, and 'toolkit 3' suggests how developing a more diverse workforce can improve customer satisfaction.

### 6.1.5 RECOMMENDATIONS FOR FURTHER WORK

The requirement for an employee satisfaction survey mentioned at section 7ii of the toolkit checklist is consistent with the proposal in section 4 that an 'employee satisfaction survey' is produced as a result of further work.

An analysis of the quarterly LFS has been commissioned, with the aim of producing a set of construction labour force indicators. The study is being carried out in such a way as to ensure that the analysis can be repeated quickly and easily in future quarters (or years).

## 6.2 SITE FACILITIES AND THE WORKING ENVIRONMENT AT SITE LEVEL

### 6.2.1 INTRODUCTION

This theme covers the provision of welfare facilities and the arrangements for setting up site. For too long the industry has accepted poor standards of welfare and arrangements for site logistics. Creating the right conditions on site is paramount in ensuring that the work force feels respected and part of the project. Whilst some projects provide a very high standard of site welfare beyond the legal minima, this is more the exception rather than the norm. There clearly needs to be a shift in performance right across the industry, particularly on small and medium sized projects. Welfare facilities of a high standard must be provided from the day work commences on site right through to handover to the client. Indeed, work should not even commence on site without facilities in place.

### 6.2.2 THE BUSINESS CASE

The need for a highly skilled and professional workforce with low staff turnover has long been recognised as essential in delivering good performance. Improving welfare facilities and site conditions can only help the industry as a whole to achieve this ideal. It will also help to improve the image of construction as a sector that can offer an attractive, life long career. There are real and tangible 'bottom-line' benefits to be gained as well. A well-organised and suitably equipped site will provide significant productivity improvements; productivity means profits and opportunities for repeat work.

Clients play a key role in enabling and requiring their suppliers to improve site welfare. For clients and members of the public, a well managed site with high standards and good facilities will help make the presence of a construction project less intrusive. A construction project is a highly visible part of any client's operation: one that can reflect either well or badly on their entire business. By following a clear set of guidelines for interacting with the public (such as the CIB's Considerate Constructors Scheme's Code of Practice) clients can help to ensure that construction work brings only good publicity and builds public trust and better respect which will improve the image of the industry.

The workforce is entitled to improved safety, health, working conditions, accommodation, clothing and logistics, which will in turn generate improved productivity. Eventually, the entire operation of work on site will enjoy a level of professionalism unknown in the past. Ultimately, *respect for people* is a two-way thing. Showing respect to the workforce, while simultaneously winning respect from them and from the general public. The results will benefit everyone.

### 6.2.3 PERFORMANCE MEASURES

Of the performance measures recommended in section 4, the following relate to the theme of site welfare:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence | Operational |

### 6.2.4 TOOLKITS AND GUIDANCE

The on-site checklist and radar chart provides, in a logical and methodical format, a series of performance measures that form a tool for site managers and the workforce and indeed everybody to ensure a safe and efficient site with high standards of welfare. By benchmarking existing performance using the tool, managers will know how well their site measures up and how quickly shortcomings are addressed. They will also be able to use the checklist to identify weaknesses and set targets for making improvements on a week-by-week basis. The key areas covered by the checklist are:

- Start up – the way in which people are inducted, briefed and equipped.
- Logistics – to ensure site access, layout and transport are in line with current best practice.
- Working Environment – to facilitate a clear, dry, and effective working area.
- Accommodation and changing facilities – to ensure workers have facilities 'second to none'.

This checklist was published in May 2000 and has been available from the M$^4$I or via its website. Some 1,000 copies have been disseminated so far. Published with the checklist is a pocket card which summarises the key areas of the checklist in a format that is handy and easy to use.

### 6.2.5 RECOMMENDATIONS FOR FURTHER WORK

All parties to a project including the client and consultants must ensure that facilities that go beyond the legal minima are funded and in place before work starts on site and are maintained until the project is completed. To help facilitate this the site welfare checklist should be used. No other specific recommendations under this action area are felt necessary at this time.

## 6.3 HEALTH

### 6.3.1 INTRODUCTION

The occupational ill health of people working in the construction industry is rarely given the prominence that it needs. The reasons are not hard to find. Accidents are sudden traumatic events, they demand immediate action and often generate considerable publicity. Occupational ill health on the other hand is often the result of a long-term exposure to materials or processes: **they are 'slow' accidents**. The consequence of this is that the effects may not be realised for many years, and the link between the work activity and the disease is often difficult to establish. Added to which is the problem that some individuals will hide ill health in order to keep in employment.

**The fact remains that far more construction workers die or are made ill as a result of poor occupational health risk management than are killed or injured in accidents.**

A radical step change is now required in the way occupational health risk is managed throughout all stages of a project and within firms. All levels of management and individuals must take responsibility for avoiding and controlling occupational health risks.

Amongst construction workers:

- 600 a year die due to asbestos related diseases
- 40% suffer from musculoskeletal problems
- 30% suffer from dermatitus

The way projects are procured and designed can have a significant impact on the avoidance and control of health risks during site activities. Both clients and those involved in design must make managing health risks a key priority in the design and procurement processes.

### 6.3.2 THE BUSINESS CASE

**How much does ill health cost?**

No one in construction knows how much it costs their firm or the industry at large. Government and HSE statistics demonstrate that across all industries it costs the UK 18 million lost working days each year from work-related illness and that two million people suffer ill health caused by their work. The total cost for construction is not easy to establish, but it has been estimated at £760m. The construction industry faces rising insurance claims due to asbestos, noise, vibration, back strain and a host of other causes of disability. Behind these claims are many people who are unable to work again and/or suffer from a reduced quality of life, and who end up dying earlier than they would do otherwise. Thousands of people not turning up for work each day affects tight programmes on difficult projects – and replacing people is time-consuming. Firms may not know exactly how much it costs them, but it is generally understood that there is a significant cost associated with getting health protection wrong. When a shortage of bricklayers is next reported, firms only have to think of those who have given up their trade because of dermatitis from contact with cement or back problems.

**Case Study**

Prompted by the subgroup's work, Carl Bro, an engineering consultancy employing 450 staff, carried out a very quick 'study' of the cost of sickness absence. The structure of the firm based on project-related matrices created a culture of trust which meant that external monitoring of absence was alien and unwelcome, seen as 'policing', and implying 'distrust' of employees.

Senior management resisted monitoring absence. 'Existing arrangements mean that each profit centre is like a tightly run ship, and our system of timesheets which log project hours, training, holidays, sickness, is enough to detect trends.'

As a retrospective exercise, 1999's absences were identified, compared, analysed and summarised in a report to management. The 'study' showed that it was reasonably easy and quick to obtain the data and estimate costs. Loss through absence amounted to £80,000 in the year, 0.75% of turnover, without even looking at the indirect costs (eg disruption to business). While this was acknowledged to be a very low absence rate, patterns emerged identifying work types and work groups showing significantly higher absence than others. The figures themselves were revealing, but what mattered more was that, despite the 'tightly run ships' operated within each profit centre, technical directors were not picking up the patterns.

Absences in certain offices were higher; the highest and the lowest showing significant differences. Absence incidence amongst administrative staff was significantly higher than in technical staff, raising questions concerning job satisfaction, motivation and feeling of worth.

From the study, it was clear that variations between offices and administrative staff had to be looked at with a view to reducing absence.

As a result of discussing issues with administrative staff and looking at variations between offices, steps were taken to reduce absence. The practice of following up on absence focused managers on the issues that led to it. This management process aimed at reducing absence led to an increase in productivity.

### 'My firm is too small'

Many small firms mistakenly consider themselves to be too small for occupational health to be an issue for them. A large firm might pay a higher overall cost, but the effect on the business of the loss of one member of a small firm is likely to be proportionally very much higher. Small firms are more flexible, better at keeping their overhead costs down and even more determined to meet customer needs. But the whole strategy depends on the workers being there and doing their jobs, and ill health poses a threat.

### Good health is good business

For years the industry has focused on safety and the prevention of accidents. Quite rightly – the industry's safety record is poor. On health, there is a need to make a similar effort. The construction workforce is exposed to a wide range of chemicals, asbestos, noise and vibration and, above all, high levels of musculo-skeletal strain causing injuries. The result of this exposure is disruptive and causes sickness absence and rising costs. The lessons from other industrial sectors, particularly the petrochemical industry are that a modest programme of addressing health rapidly pays for itself. To compete effectively in the marketplace and to rise to the challenge of improving construction and to comply with the law, a separate health agenda must be added to the safety agenda.

## 6.3.3 PERFORMANCE MEASURES

Of the performance measures recommended in section 4, the following relate to the theme of health:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence | Operational |
| Working Hours | 'Normal' working hours per week | Diagnostic |
| | Travelling hours as % of 'normal working hours' | Diagnostic |
| | Miles travelled to and from work per week per employee | Diagnostic |
| | Overtime as % of 'normal working hours' | Diagnostic |

The headline measure for health is Absence from work, and is aimed at improving attendance and reducing the number of sickness absence days associated with occupational illness.

### 6.3.4 TOOLKITS AND GUIDANCE

Three toolkits are proposed to help all construction firms identify, manage and control occupational health risks:

- A checklist.
- 'Toolbox talks' with accompanying guidance.
- A Health Map.

**The first toolkit** is a checklist aimed at site operations and can be used by all firms involved in a project to ensure that occupational health is being adequately managed. Clients can use the checklist to ensure that their suppliers are achieving and maintaining high standards of occupational health. Site managers and operatives can use the checklist to ensure that arrangements set up to manage occupational health are satisfactory and that any shortcomings are addressed quickly. The checklist covers the following areas:

- Management – the way in which strategies, policies, systems, and arrangements for consulting the workforce and monitoring systems are set up and implemented.
- Exposure to hazardous substances – identification and assessment of hazardous substances, information to the workforce, health surveillance programme and arrangements for personal protective equipment.
- Manual handling hazards – management of manual handling risks, use of mechanical handling solutions and safe access routes.
- Noise and vibration – identification, assessment and control of noise and vibration sources, worker training, preventative maintenance schemes for plant and health surveillance.
- Other factors – policies for stress, alcohol and drugs, assessing fitness for work and hours of work.

**The second toolkit** is a series of 'toolbox talks' on occupational health topics. The toolkit has been designed and prepared to assist site management at all levels to deliver 'toolbox talks' to site workers who may be exposed to occupational health risks. A number of information cards for site workers are also included in the toolkit.

**The third toolkit** consists of a Health Map designed for use by those that are not specialists in occupational health and safety. Its purpose is to enhance understanding and management of occupational health. The Health Map helps determine who is exposed to the problems identified and then, through a series of steps, allows the firm to manage and prioritise these problems through the development of a health plan.

The Health Map is based on an innovative toolkit developed by BP Amoco. Work is currently in progress to prepare a version for the construction industry, which should be available in 2001.

### 6.3.5 RECOMMENDATIONS FOR FURTHER WORK

**HSE targets**
In July 2000 the government and the Health and Safety Commission (HSC) published its 10 year strategy for occupational health in the UK 'Securing Health Together'. This sets out the following targets to be achieved by 2010:

- A 20% reduction in the incidence of work-related ill health.
- A 20% reduction in ill health to members of the public caused by work activity.
- A 30% reduction in the number of work days lost due to work-related ill health.
- Everyone currently in employment but off work due to ill health or disability to be, where necessary and appropriate, made aware of opportunities for rehabilitation back into work as early as possible.
- Everyone currently not in employment due to ill health or disability to be, where necessary and appropriate, made aware of and offered opportunities to prepare for and find work.

These headline targets are designed to focus and inspire action. The construction industry and its clients should adopt these targets as a minimum, and set further targets appropriate to its work and associated ill health problems. As a demonstration of their commitment to meeting these targets, firms should prepare action plans on what they will do as a contribution to the 'Working Well Together' campaign initiated and developed by the HSC's Construction Industry Advisory Committee.

**Guidance**
Best practice guidance should be developed on the management of occupational health within the construction industry. This should emphasise that occupational health is a management issue and that the priority for construction is to prevent work related ill health through a combination of:

- elimination of risk wherever possible through design, substitution and enclosure;
- control of risk through site based measures (eg mechanisation);
- health surveillance; and
- training and education.

**Pan-industry data**
Currently it is difficult to obtain information on the nature and scale of occupational health within the construction industry. A contributory factor is that some workers can feel pressured to conceal any ill health for fear of losing their job. Therefore research is required to determine the prevalence of ill health within the industry. This would then provide a baseline against which the industry can benchmark its performance and drive improvements.

**Stress**
The topic of stress is a key issue emerging within the construction industry and one where there is minimal guidance for employers and workers. In April 2000 HSC published its programme of work to tackle occupational stress through a range of actions, including the development of good management practice. In the light of this work:

- the construction industry should actively support HSE's work on developing clear, agreed standards of good management practice for a range of causes of stress; and
- publicity should be given to this work in the construction industry, encouraging firms to respond positively to HSE's forthcoming publicity campaign.

## 6.4 SAFETY

### 6.4.1 INTRODUCTION

The construction industry has one of the poorest safety records of any business sector in the UK. This is having a direct impact on its image and therefore its ability to recruit and retain the workforce it requires. In the reporting year 1999/2000 there were 85 fatalities, representing a 26% increase in the number of fatal accidents in the industry; all other industrial sectors showed a decrease. Compared to the average for all industries, construction workers are: five times more likely to be killed; two times more likely to sustain a major injury, and two times more at risk of ill health. In 1999/2000 there were 5,040 non-fatal major accidents and 10,292 'over three-day injuries'.

Fatal and non-fatal accidents in the construction industry cause considerable suffering and hardship to many families and individuals. Not only do people suffer the loss of a loved one or remain handicapped for the rest of their lives, they also suffer considerable financial hardship. The industry is very poor at supporting and rehabilitating injured workers and ameliorating the financial hardships incurred. This has to change.

The safety culture in other business sectors, notably the petrochemical and pharmaceutical industries, is radically different where it is client led. They tend to recognise that their core business is inherently dangerous and take ownership in managing all aspects of safety. In these sectors safety has the highest priority and safety training for individuals is considered as an investment in the firm's assets. The construction industry has much to learn from these other industries.

Initiatives over the last 5 years or so have generally focused on the regulatory framework, and whilst this approach has had impact there is still insufficient attention within the industry to the process of controlling and managing risk. The industry at large does not understand that safety is the most important dimension of risk management, and safety incidents must be assessed in terms of their impact on project success criteria such as quality, cost and time of the project. All parties involved in a project including the client, consultants, main contractor and lower tier suppliers must be involved in the process of controlling and managing safety risk. In particular clients and their consultants must make the management of safety risks central to the procurement and design of a project.

Involvement and consultation of the workforce on safety (and health) is still unacceptably poor. Personal empowerment and the involvement of the entire workforce are essential if standards are to be improved and accidents eradicated. There are also added benefits in terms of improving productivity and quality.

### 6.4.2 THE BUSINESS CASE

The costs of accidents are wide ranging and only some of them are covered by direct liability insurance. They pose a considerable financial burden on industry, especially when compared with the relatively small costs of preventative measures.

Large-scale losses such as those arising from major fires or explosions or involving loss of life, are highly visible and some have been costed on an individual basis. Financial compensation for people who suffer injury at work is a considerable cost. According to the Trades Union Congress (TUC), trades unions have secured on average awards totalling £300 million a year for workplace injuries and ill health to their members across all industries in the UK. At an individual level there have been some very high awards recently.

The HSE has published two reports on the cost of accidents. These publications estimated that the overall cost of work accidents in all UK industries is between £4-9 billion per year. This is equal to about 5-10% of all British based firm profits, or £170-360 per person employed. These costs do not include those that fall upon other sections of society, such as the cost of social security and NHS provision, and the financial and non-financial losses to victims. When these are taken into account, the total cost of work related accidents (and ill health) to society as a whole is estimated at between £10-15 billion a year – equivalent to between 1.75 – 2.75% of the country's gross domestic product.

Less well understood, however, is the nature and extent of loss from accidents of a more routine nature: those accidents which injure but do not kill people, which damage plant and interrupt processes, but have significant potential to cause people harm. The cost of these accidents can often be hidden in sick pay and increased insurance premiums. Few firms have the mechanism to identify and examine the costs of accidents systematically.

One HSE study showed that on the construction of an £8 million supermarket, 8.5% of the tender price was lost due to accidents, this had the potential to equate to an annual loss of £700,000. The study also demonstrated:

- Accidents ascribed to inadequate planning cost £41,680.
- Poor supervision resulted in accidents costing £26,384.
- Nearly £500 of losses were incurred in six accidents when forklift trucks dropped their loads. There was the potential for major injury or fatalities if any of the dropped loads had hit anyone.
- Over £2,700 of damage and other losses resulted from twenty cases of vehicles and cranes hitting or running over property. Fortunately none of the accidents involved pedestrians.
- £214 was lost when a column fell over. However, there was clearly potential for catastrophic loss as a railway line was in reach of the column.
- There were considerable lost opportunities, either through people having to stand idle or not being able to produce at their regular job because they were redirected to deal with the consequences of an accident or incident.

The study found that the ratio of insured to uninsured costs was 1:11. Many firms mistakenly believe they are covered by insurance for most of the costs arising from accidents. The study showed that uninsured costs far exceed insured costs. The uninsured losses identified included:

- Product and material damage.
- Plant and building damage.
- Tool and equipment damage.
- Legal costs.
- Expenditure on emergency supplies.
- Production delays.
- Overtime working and temporary labour.
- Investigators time.
- Supervisors' time diverted.
- Clerical effort.
- Loss of expertise/experience.

The cost of accidents affects firms right across the supply chain from the client, who ultimately has to pay, to the smaller subcontractor, who has little cushion against accidental losses and where a serious accident could easily put them out of business.

Anecdotal reports from firms in the industry suggest that a significant proportion of workers' lost time is due to accidents when travelling on business. These include not only delivery drivers and road workers, but those travelling to and from sites and people driving home after work, particularly at the end of the week. Little information has so far been obtained on: the direct and indirect costs to firms (and to the workers), the effect of long working hours and travel distances, or of the prevalence of such incidents. This clearly has implications for the health of the workforce as well as their safety.

In March 2000 the government set up an inter-agency task force aimed at preventing work-related road traffic incidents. The new task force plans to establish accurate casualty and incident statistics for work-related activities on the road and to provide guidance on the main causes and methods of preventing work-related traffic incidents.

### 6.4.3 PERFORMANCE MEASURES

Of the performance measures recommended in section 4, the following relate to the theme of safety:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence. | Operational |
| Safety | Working hours since last lost-time accident | Headline |
| | Reportable accidents per 100,000 employed (inc fatalities) | Headline |
| | Reportable accidents per 100,000 employed (non-fatal) | Operational |
| | Fatalities per 100,000 employed | Operational |
| | Lost time accidents per 100,000 hours worked | Operational |
| | Accidents travelling to or from work per 100,000 employed | Operational |
| Working Hours | 'Normal' working hours per week | Diagnostic |
| | Travelling hours as % of 'normal working hours' | Diagnostic |
| | Miles travelled to and from work per week per employee | Diagnostic |
| | Overtime as % of 'normal working hours' | Diagnostic |
| Training and development | % workforce qualified/certified | Headline |
| | Annual training/development days per employee | Operational |

A key feature of this list is the recommendation for a new headline indicator of working hours since last lost-time accident. This has the merit of being a 'positive' measure, ie a higher number indicates better performance.

### 6.4.4 TOOLKITS AND GUIDANCE

Making a radical improvement to safety will only come about if all parties working on a project make safety a fundamental issue from the very outset of the project (ie at the concept and feasibility stage, through procurement and construction to handover). The two toolkits developed form checklists, which address safety at all stages of a project.

The first checklist covers safety (and health) in the procurement and design stages of a project and is aimed at the client, consultants, those engaged in design, and other members of the project team. The checklist measures performance in the following key areas:

- Client input – procurement strategy, provision of information, management of risk, appointment of planning supervisor and involvement in the design review process.
- Design – early involvement of specialist suppliers, co-ordination of the design team's activities, buildability reviews and use of drawings.
- The health and safety plan – time for preparation of plan and adequacy of the plan.
- Construction phase – involvement of the client, dealing with design changes and project progress meetings.
- The health and safety file – arrangements for collection of information, format for storage, timely flow of information and adequacy of arrangements.
- Review and feedback – learning from experience and continuous improvement in the ability to manage risks more reliability.

The second checklist is aimed at site operations and can be used by all parties in the project to ensure that safety is being adequately managed during construction. Clients can use the checklist to ensure that their suppliers are achieving and maintaining high standards of safety. Site managers and workers can use the checklist to ensure that arrangements set up to manage safety are satisfactory and that any shortcomings are addressed quickly. The checklist covers the following key areas:

- Management – the way in which strategies, policies, systems, and arrangements for consulting the workforce and monitoring systems are set up and implemented.
- Site layout – the set up of the site to avoid accidents, improve site productivity and reduce waste.
- Tidiness – keeping workplaces tidy, avoiding tripping hazards and removal of waste from site.
- Working places, preventing falls – the steps taken and implemented to avoid, control and manage the risk of falling from height.
- Plant and machinery – the inspection and maintenance of plant and machinery including hand held tools and the training of operatives.
- Transport – the management of vehicle movement, driver training and the maintenance of vehicles.
- Personal protective equipment – the provision and use of appropriate personal protective equipment.
- Public safety – addressing and managing risks to the public.

One of M$^4$I's existing demonstration projects has developed a toolkit for managing safety and involving the workforce. Kvaerner Construction on the Queen Elizabeth Hospital PFI redevelopment in Woolwich (demonstration project 52) implemented a Site Safety Performance System (SSPS) which resulted in a 50% reduction in accidents. Through the Cluster sharing process in London, Carillion has adopted the SSPS. The M$^4$I published a case history on the SSPS in May 2000.

Others firms, in particular O'Rourke's and Taylor Woodrow Construction, allowed the subgroup access to toolkits used to manage safety both at project level and firm-wide. These helped inform the development of the checklists.

### 6.4.5 RECOMMENDATIONS FOR FURTHER WORK

#### Targets

In June 2000 the DETR and the HSC published its Strategy Statement 'Revitalising Health and Safety'. This strategy set a number of targets for all UK industries, in particular to:

- reduce the rate of fatal and major injury accidents by 10% by 2010;
- reduce the number of days lost per 100,000 workers from work-related injury and ill health by 30% by 2010; and
- to achieve half this target by 2004.

The construction industry should not only work actively towards meeting these targets well in advance of the dates set, but given past performance must adopt more ambitious industry targets particularly in respect of the number of fatalities. All firms (including clients, designers and contractors) should demonstrate their commitment to meeting these targets by preparing action plans for their contribution to the 'Working Well Together' campaign initiated and developed by the HSC's Construction Industry Advisory Committee. Signatories to this campaign already include the CIB, the Construction Confederation, several other industry bodies and firms.

#### Performance measurement

The industry should measure not only accident frequency rate (which will require accurate measurement of actual hours worked) but also incident frequency rate, including near misses. This will direct effort at analysing underlying failures in safety management system and help to manage the financial loss incurred in such incidents. A common agreement should be drawn up within the industry to define the incidents that should be measured.

#### Pan-industry data

HSE data on reported accidents is systematically categorised by the type of accident (eg fall from height), but not by basic diagnostics such as the cause (eg tripping over stray material), by the type of employer (main contractor, supplier) or by procurement/contractual arrangement. Some further analysis is required of this data to improve understanding of the basic causes of accidents and the type of procurement arrangements, roles within the supply chain, the client involved, and other circumstances.

#### Involvement of the site workforce

Personal empowerment and the involvement of the workforce is essential if standards are to be improved and accidents eradicated. The industry should develop and introduce on-site arrangements for effective safety consultation with all workers, not only those directly employed. Safety circles, task safety talks (where there is joint agreement about how the work should be carried out) and 'roving' safety representatives should be piloted by the industry.

#### Competence and training

There needs to be an improvement in the competence of site managers and operatives to manage and carry out work in a safe manner. A set of common core-competencies in safety should be developed by the industry. All people working in the industry should achieve these competencies before they are allowed to work on site. Further competencies should also be developed for specific trades and site managers. These competencies could be linked to the development of existing schemes. The aim should be for operatives and site managers to possess a relevant registration of competence such as the Construction Skills Certification Scheme (CSCS), Certificate of Training Achievement (CTA) or equivalent.

Safety induction and toolbox talk training provided within the industry is varied in quality and frequently unhelpful or misdirected. Induction and toolbox training is required at three levels:

- All the workforce should receive safety induction training when they join a new employer. This should cover issues such as the employer's safety policy, management arrangements for safety, firm rules, etc.
- All individuals should receive some form of site orientation training from the main or principal contractor when starting work on a new project. This should cover topics such as site rules, arrangements in case of emergency, safe access routes on site, arrangements for site welfare and first aid, etc.
- Before work commences on a particular task within a project there should be task specific or toolbox talks covering the safety method statement for the job and how particular risks will be controlled.

### Injury and death benefits

The industry should provide comprehensive injury and death benefit insurance for all employees and workers within the industry. Workers should be entitled to the same level of benefits as managers.

### Travel accidents

*Rethinking Construction* partners, CIB, DETR etc, should as a minimum ensure proper participation by the construction sector in the new inter-agency task force on work-related travel incidents.

### Safety culture

There is no 'acceptable level' of accidents. The new attitude must be 'zero tolerance' of all incidents (accidents, near misses and loss time incidents). If an incident occurs, all those involved with that process, from design to installation, need to review its cause and discuss and agree action to prevent its re-occurrence.

Clients, consultants and contractors should measure the safety culture in their firm. The HSE's 'Climate Survey tool' provides an effective tool for measuring safety culture within a firm, it provides key information from which an action plan can be developed and for benchmarking improvements within the firm and the industry. This toolkit has not been published along with this report because it was launched three years ago by the HSE; however the subgroup recommends its use to the industry.

## 6.5 LIFELONG LEARNING AND CAREER DEVELOPMENT

### 6.5.1 INTRODUCTION

**What is lifelong learning?**
Lifelong learning is the process by which individuals in the workforce continue to learn and update and add to their skills. By so doing they can become more effective and better able to contribute to the competitiveness of the firm they are working for, and the construction industry, and also to enhance their own employability. Lifelong learning and career development are therefore interdependent concepts and mean much more than just training.

**Why does the construction industry need lifelong learning and career development?**
Continuous learning is an essential element of continuous improvement. Without learning, the knowledge gained from innovation and experience will not spread throughout industry, as envisaged by *Rethinking Construction*, and equally there will be no culture change.

For the construction industry to move forward and become more competitive, the knowledge gained from problem solving and innovation must be translated into learning and delivered to a wider audience both within firms and across the wider industry.

Equally, career development opportunities must be defined and promoted both across individual firms and at industry level. This is a key component of lifelong learning and is a major factor in encouraging individuals to learn and improve their skills. One of the reasons for the sharp decline in applications for construction undergraduate programmes in recent years is the perception by young people that there are limited career prospects in construction. Clearly defined and marketed career pathways can help reverse this trend.

However, that there are a number of inhibiting factors which characterise the construction sector and these need to be overcome if the lifelong learning goal is to be achieved:

- Work patterns vary considerably and the workforce tends to reconfigure on a project by project basis.
- There are many small enterprises and sole traders.
- The short-termism of many employers, whose horizon tends to be the completion of the next project, is at odds with the long-term vision needed to drive lifelong learning strategies.
- The boom and bust cycle, which has tended to characterise the sector, causes instability in the workforce.
- There is no tradition of career planning in the industry.

**Conditions for lifelong learning and career development**
There are three conditions that need to be met for lifelong learning to flourish:

- Employers and individuals need to see the value of engaging in the process: there must be a perceived gain in making the investment in learning. This is often referred to as the ‘business case’.
- Both parties need information in order to make choices about learning and careers even if, as a result, they choose to reject it as a result.
- Learning must be accessible in terms of time, cost and place. The easier and less disruptive the learning, the more likely it is to be taken up. This includes both formal and informal learning.

**Actions to embed lifelong learning and career development**
Factors which are likely to encourage lifelong learning and career development can be categorised into ‘pull’ and ‘push’ factors. The former will make it easier for firms to adopt new practices, the latter are changes in operating environment which will cause firms to change their behaviour.

Pull factors:

- **Client demand**

Client demand for a skilled workforce with a demonstrable commitment to training, is potentially the most powerful of these influencing factors.

- **Investors in People**

Achievement of the IiP standard provides the most effective lifelong learning framework for firms and offers the most reliable performance indicator for progress in this area. The subgroup recognised that Continuous Professional Development (CPD) is a key outcome of the IiP process, and that as such it stands as the main recommendation to those firm's that wish to commit to a programme of the Lifelong Learning and Career Development. The new standard, which is based on outcomes rather than processes, can be applied in an increasingly user-friendly manner. A number of case studies of firms which have benefited from IiP accreditation are available on Construction Best Practice Programme's (CBPP's) website.

- **Work-based learning**

The proximity of learning and work is very important since it not only demonstrates business relevance but it requires the active involvement of employers, and it should be recognised that there is a shared commitment from both employer and the workforce to promote continuous learning. Employers need to make time available for learning and training, while individuals should actively seek to update their skills. The development and promotion of on-site assessment and training (OSAT) and delivery of on-line learning and information perhaps via the Construction Industry Learning Network (CILN), part of the government's 'Learn direct' initiative, have a key part to play in making it easier for employers and the workforce to train and learn.

- **Demonstrating exemplary practice**

High profile practical demonstrations of lifelong learning delivering measurable benefits to firms and their workforce can be a powerful catalyst for change. Current *Rethinking Construction* demonstration projects illustrate how innovative practice can be highlighted.

Push factors:

- **Client demand**

Pan-industry client demand may be exemplified by specifications within contract frameworks or via an industry code such as the Clients' Charter or Quality Mark schemes.

- **Statutory requirements**

In some specific areas such as health and safety, legislation exerts an absolute push factor. The scope for expanding this approach to lifelong learning, however, would seem to be limited.

### 6.5.2 THE BUSINESS CASE

The pressure from the market and the need to improve the construction industry has never been greater as the move towards partnering, integrated team working and prime contracting gains momentum and competition gets tougher. Unless firms rise to the challenge of planned individual and corporate upgrading of skills, the industry will continue to fall behind. As the pace of change quickens, systematic recruitment, learning for life and staff development becomes a necessity.

Clients are increasingly demanding that their suppliers have a workforce that is fully qualified and CSCS-registered. The Clients' Charter and Quality Mark schemes will impact upon small firms as well as large and will require them and their workforces to be trained. Those that do not could find themselves losing business.

To survive in business, all firms must perform profitably. Evidence from the small group of firms investigated showed that to prosper, successful organisations plan ahead and invest in the training and development of their principal asset, their workforce, adding value through gaining a competitive edge, leading to:

- increased profitability and competitiveness;
- a more efficient and flexible workforce and use of resources;
- better use of existing resources by re-deploying and re-skilling individuals;
- a more motivated, loyal and committed workforce;
- attraction, recruitment and retention of the best individuals;
- reduced risk and insurance costs;
- quality initiatives and Investors in People standards;
- reduced training costs from better targeting and trainer performance;
- improved health, safety and environmental performance;
- direction given to the business;
- workforce focused on the needs of customers and able to deal efficiently with them;
- ability to demonstrate to customers the qualifications and competence of a professionally trained workforce; and
- enhanced image of the firm.

For clients engaging firms that are fully committed to lifelong learning and career development there are added benefits in terms of:

- confidence in standards of performance that will be achieved;
- higher quality, consistency and reliability throughout the supply chain;
- turning good practice into best practice;
- improvements in customer/consultant/contractor relationships;
- improvement in project timescales;
- improved procurement processes; and
- improved skill levels and performance giving better value for money.

At an individual level there are benefits as well and these include:

- well founded confidence in one's own standards of performance leads to job satisfaction;
- motivation to upgrade skills and continue learning;
- more control of own situation and development;
- improved identification and targeting of one's own education and training needs;
- bridges to other areas and levels of qualification; and
- opportunities for structured CPD.

Evidence drawn from Unipart's and BAe's experience shows that in order to stay competitive – reduce costs year on year and at the same time improve product quality and service levels – it is essential to invest in the continuous learning of the workforce. Lean production is dependent on workers at all levels within a firm involved in continuous learning; without this key element the workforce will not become continually more efficient.

The potential in the construction industry for improving performance by use of knowledge banks, such as those developed by Unipart and BAe Systems, is immense. This is beyond the remit of the subgroup, but should be examined by an appropriate *Rethinking Construction* working group.

### 6.5.3 PERFORMANCE MEASURES

As already discussed, the simplest indicators of good performance relating to lifelong learning and career development are the simple yes/no measures of Commitment to IiP and Achievement of the IiP standard.

Of the performance measures recommended in section 4, the following relate to the theme of lifelong learning and career development:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time<br>Sickness-related absence. | Headline<br>Operational |
| Diversity | *Possible new measure to be developed*<br>Proportion of white males (by type/level of work)<br>Proportion of women (by type/level of work)<br>Proportion by ethnic origin (by type/level of work)<br>Proportion in age bands (16-18;19-25;26-44;45+) | Headline<br>Operational<br>Diagnostic<br>Diagnostic<br>Diagnostic |
| Training and development | % workforce qualified/certified<br>Annual training/development days per employee | Headline<br>Operational |

The percentage of the workforce qualified or certified to an agreed industry standard is considered to be an important headline measure. CITB and others are developing a proposed 'standard' and once completed the intention would be to incorporate it as a headline measure.

The CITB's current skills benchmarking project is undertaking complementary work in this area and links should be developed.

### 6.5.4 TOOLKITS AND GUIDANCE

The working group developed the following simple introductory checklist for Lifelong Learning; the full IiP checklist is reproduced as a separate toolkit checklist.

| | | YES | NO |
|---|---|---|---|
| 1 | The firm has a plan which specifies how it will develop its employees | ☐ | ☐ |
| 2 | Learning and career information is communicated to employees | ☐ | ☐ |
| 3 | Targets are set each year for training employees | ☐ | ☐ |
| 4 | A budget is allocated each year for training | ☐ | ☐ |
| 5 | National Vocational Qualifications (NVQs)/Scottish Vocational Qualifications (SVQs) are used to qualify employees | ☐ | ☐ |
| 6 | New employees receive induction training | ☐ | ☐ |
| 7 | All employees receive health and safety training | ☐ | ☐ |
| 8 | Training opportunities are available to all employees | ☐ | ☐ |
| 9 | Each year the firm measures how effective the training has been in improving the business | ☐ | ☐ |

### 6.5.5 RECOMMENDATIONS FOR FURTHER WORK

#### Investors in People

Investors in People should be re-launched for the construction industry on the back of *respect for people* using a self-assessment training checklist for the workforce, the questions for which should be derived from the new IiP standard. In this way, it will be possible for employers and workers to estimate the performance of their firm, while linkage to IiP will encourage firms to commit to the process.

#### Best practice

Best practice in lifelong learning projects should be identified and promoted, which may be contract or firm-based. They should be part of the demonstration project programme. Firms should be located in all regions and supported by a programme of 'how to' workshops, potentially organised by CITB and other National Training Organisations (NTOs). The CBPP should identify and promulgate further case studies in addition to those included on their website.

#### Code of training practice

The authors of the Clients' Charter should be encouraged to incorporate a Code of Training Practice within it in order to encourage clients to favour firms which have in place systematic workforce development programmes. The Code should make specific reference to achievement of the IiP standard.

#### Construction Industry Learning Network

The CILN, a joint initiative by CITB and CIC, facilitates on-line learning and links to knowledge gained from innovation and problem sharing, and pilots on-line learning solutions. It is recommended that Unipart and BAe be partners in the pilot project, which should be held in two regions of the UK.

## 6.6 THE WORKING ENVIRONMENT OFF-SITE

### 6.6.1 INTRODUCTION

This theme covers the working conditions for those involved in the off-site roles of the industry. There is a marked difference between office and production environments.

**The Office Environment**

Office environments differ greatly from the plush to the more basic, from the open plan to the cellular, from the well equipped to the poorly equipped, from the spacious to the more compact. Locations differ from city central to out of town, from easy access with excellent network services to more awkward locations.

A review of a number of these very different environments and locations concluded that one cannot be prescriptive with regard to physical requirements. Committed, proud and respected employees were found in all of the environments. Plush surroundings and an open plan office are not necessarily synonymous with *respect for people*, any more than basic surroundings and cellular offices are synonymous with a lack of *respect for people*. In fact, the key issues for those in the office environment tend to be 'softer issues', such as the culture, quality of communication and behavioural issues, which greatly outweigh physical surroundings. These more critical 'soft issues' are therefore the focus of the checklist which was developed to measure the off-site environment.

**The Production Environment**

Factories and assembly plants supplying the construction industry were also reviewed. Some appear to provide poor working conditions relative to office environments, in terms of dirt, noise, and unsatisfactory or unsafe working conditions. However, it is acknowledged that most are likely to provide better working conditions than those on construction sites.

### 6.6.2 THE BUSINESS CASE

On nearly every visit, whatever the environment or workplace, firms concerned reported that 'people are our main asset'. Even so, Whilst this is clearly true it is also equally true that the overriding motivator of these firms is finance. Money often appears to pull in the opposite direction from *respect for people*. The business case for the off-site environment includes elements of the cases put forward for the on-site environment, health, safety and career development and lifelong learning. The business case for the off-site environment has not been developed because of this overlap with other areas and the information provided elsewhere in this report.

As suggested above, factory environments, compared with construction sites are easier places to provide safe, comfortable, productive working conditions. This adds further weight to the current trend towards more pre-fabrication and off-site assembly, where a more controlled environment can deliver higher quality and quicker realisation of the construction phase. In this case, the business case for *respect for people* may form only part of a wider business case for increased off-site operations.

Further work is required to look at the look at the business in the light of the current trends towards pre-fabrication and for off-site operations.

### 6.6.3 PERFORMANCE MEASURES

Of the performance measures recommended in section 4, the following relate to the theme of off-site welfare:

| Issue | Performance measure | Level |
|---|---|---|
| Employee satisfaction | 1-10 rating | Headline |
| Staff turnover | Annual 'churn' rate as a % of full-time equivalents | Headline |
| Absence from work | All absence (other than normal holiday entitlement) as a % of 'normal' working time | Headline |
| | Sickness-related absence. | Operational |
| Safety | Reportable accidents per 100,000 employed (inc fatalities) | Headline |
| | Reportable accidents per 100,000 employed (non-fatal) | Operational |
| | Fatalities per 100,000 employed | Operational |
| | Working hours since last lost-time accident | Operational |
| | Lost time accidents per 100,000 hours worked | Operational |
| | Accidents travelling to or from work per 100,000 employed | Operational |
| Working Hours | 'Normal' working hours per week | Diagnostic |
| | Travelling hours as % of 'normal working hours' | Diagnostic |
| | Miles travelled to and from work per week per employee | Diagnostic |
| | Overtime as % of 'normal working hours' | Diagnostic |
| Training and development | % workforce qualified/certified | Headline |
| | Annual training/development days per employee | Operational |
| Pay | Annual pay per employee compared with industry standards | Diagnostic |

### 6.6.4 TOOLKITS AND GUIDANCE

The subgroup discovered that many of the examples of best practice it wished to recommend were already embodied in IiP. These included, planned business direction, giving employees the tools to take the business towards its destination, better communications, a more open management style and the building of teamwork. The main recommendation under this heading is the promotion of IiP. The business case for this is that it will lead to an efficient use of resources and facilitate an approach focused on the needs of the customer. The checklist developed covers the following key areas:

- New Recruit: before joining, first day- ensuring arrangements are in place before new recruit starts, welcome and induction of new recruit.
- First few weeks and thereafter – ensuring recruit has job description and work plan, providing feedback to recruit and ensuring training and development needs are met.
- Welfare and safety – safety, emergency arrangements, heating, lighting, ventilation, welfare facilities, office facilities and use of visual display units.

- Investors in people – achievement of the IiP standard.
- Internal communications – formal communication between employees, company magazine and publicising individual and team success.
- Open management and breakdown of barriers between staff – communications to help break down barriers and open door policy with management.
- Social interaction and service awards – Social events both in and after office hours, awards and long service ceremonies.

### 6.6.5 RECOMMENDATIONS FOR FURTHER WORK

The off-site toolkit should be tested by a range of firms before it is disseminated widely. In parallel with this, further work should be carried out to develop and refine the business case particularly making the link with the current trend towards pre-fabrication and off-site assembly.

A checklist covering the factory environment should be developed and then piloted.

# 7 NEXT STEPS

Although the *respect for people* working group was initiated by the M⁴I, this report and its associated toolkits have been published under a *Rethinking Construction* banner with the support and commitment to action from all the key *Rethinking Construction* partners, together with other partners in *respect for people*, listed below:

- Key *Rethinking Construction* partners:
  - M⁴I
  - Housing Forum
  - CGTF/GCCP
  - LGTF
  - CBPP (dissemination)
  - CIB (industry strategy)
- Other partners in *respect for people*:
  - CITB and other training bodies
  - CSCS
  - Trades unions – TUC, UCATT, TGWU, GMB etc
  - Building and Civil Engineering Benefits Scheme
  - HSE
  - HSC's Working Well Together Campaign
  - Clients – via the Clients' Charter and the Confederation of Construction Clients (eg through inclusion in tender enquiry documents), Confederation of British Industry (CBI)
  - Other industry umbrella bodies (via CIB) – CIC, Construction Industry Employers Council (CIEC), Constructors Liaison Group (CLG), Construction Products Association (CPA)
  - Equal opportunities organisations – the Commission for Racial Equality (CRE), the Race Relations Employment Advisory Service (RREAS), the Equal Opportunities Commission (EOC), 'Change the face of construction' etc

The challenge is clear. Each organisation listed above, and every client, consultant, contractor and supplier, has an important contribution to make. Some of those listed (eg the CITB and the Construction Confederation) have already initiated major programmes to respond to the agenda of the '3 Rs'. Client 'pull' should also be encouraged by means of the Clients' Charter and appropriate links must be made with other initiatives such as 'Best Value' in the local government sector and 'Achieving Excellence' within central government.

## 7.1 TRIALLING AND DISSEMINATION OF OUTPUTS

A Project Manager has been appointed to oversee pan-industry testing and trialling of the toolkits and performance measures, and to consider any other innovations in these areas. The objectives of the project, which is fully supported by the above bodies, are to:

- identify demonstration firms and projects in collaboration with the key *Rethinking Construction* partners, and other partners in *respect for people*;
- test and trial the toolkits associated with this report and disseminate the results;
- test the performance measures;
- evaluate each performance measure and toolkit in the light of the results from the trials and revise and amend them as appropriate; and to
- provide advice to the KPI Working Group, as necessary, in identifying an appropriate pan-industry headline measure for inclusion in the next edition of the Construction Industry KPIs, due in May 2001.

A significant audience for the trial process will be small and medium size enterprises (SMEs). It is recognised that SMEs are particularly difficult to reach. One important ally in this respect is the construction press, who are likely to be extremely interested in *respect for people* and can be expected to help disseminate the messages, (eg news stories, feature articles, surveys of existing practices). This will be greatly aided by the identification of some 'early adopters' of the toolkits or, at least, their principles.

The DETR has funded a first print run of the report and toolkits in sufficient numbers to reach all key players, including site workers, for the trial process. They will also be available on the *Rethinking Construction* website. Those wishing to participate in the testing and trialling of the toolkits and performance measures should contact the Project Manager.

## 7.2 FULL IMPLEMENTATION

The *Rethinking Construction* partners, together with the support from other partners in *respect for people*, will lead the full implementation of the toolkits once the trialling process has been completed.

Once validated and established as best practice from the trials, the CBPP will have a lead role in promoting and disseminating the toolkits (and will need a team member trained in *respect for people* matters). The CIB's network, the industry's Benefits Scheme, the CITB and other NTOs and skills initiatives, the trades unions and equal opportunities organisations, have given their support and are committed key partners in the dissemination process, as will be the Clients' Charter.

## 7.3 FURTHER ANALYSIS OR RESEARCH

The major themes requiring new detailed research are Behaviour and Health. Outline specifications for these pieces of research will be developed over the next few months. Other recommended research relates to an identified need for more information and data to understand the causes of accidents. In addition, existing surveys such as the LFS and DETR data collection mechanisms will need to be modified and the resulting data analysed to identify national figures for construction. This analysis of LFS data and other data sources, may confirm gaps in available information, and it is possible that a larger industry survey focussed particularly on people issues could be required at a later stage.

The recommendations for further work in this report will be communicated to CRISP, the Construction Research and Innovation Strategy Panel of the CIB, for incorporation within their recommendations to research funding bodies on future research priorities. They have also been communicated to the managers of DETR's Partners in Innovation (PII) scheme, in order to inform their assessment of bids under the current PII round. The DETR's new 'Fastrack' mechanism for funding urgent research is also being considered.

**WORKING GROUP ON RESPECT FOR PEOPLE**
November 2000

# ANNEXES

**LIST OF ANNEXES**

A1. Glossary of acronyms
A2. Membership of the working group and subgroups
A3. The Investors in People standard

# ANNEX 1 GLOSSARY OF ACRONYMS

| | |
|---|---|
| CBPP | Construction Best Practice Programme |
| CCC | Confederation of Construction Clients |
| CGTF | Central Government Task Force |
| CIB | Construction Industry Board |
| CIC | Construction Industry Council |
| CIEC | Construction Industry Employers Council |
| CILN | Construction Industry Learning Network |
| CITB | Construction Industry Training Board |
| CLG | Constructors Liaison Group |
| CPA | Construction Products Association |
| CPD | Continuing Professional Development |
| CRISP | Construction Research and Innovation Strategy Panel |
| CSCS | Construction Skills Certification Scheme |
| CTA | Certificate of Training Achievement |
| DETR | Department of the Environment, Transport and the Regions |
| GCCP | Government Construction Clients Panel |
| GMB | General Municipal & Boilermakers Union |
| HSC | Health and Safety Commission |
| HSE | Health and Safety Executive |
| IiP | Investors in People |
| KPI | Key Performance Indicator |
| LFS | Labour Force Survey |
| LGTF | Local Government Task Force |
| $M^4I$ | Movement for Innovation |
| NTO | National Training Organisation |
| NVQ | National Vocational Qualification |
| OSAT | On-Site Assessment and Training |
| PII | Partners in Innovation |
| SMEs | Small and Medium Size Enterprises |
| SVQ | Scottish Vocational Qualification |
| TGWU | Transport and General Workers Union |
| TUC | Trades Union Congress |
| UCATT | Union of Construction & Allied Trades Technicians |

# ANNEX 2 MEMBERSHIP OF THE WORKING GROUP AND SUBGROUPS

## MAIN WORKING GROUP

Alan Crane, Chairman, M4I
George Brumwell, UCATT
Michael Burt/Bridghe Forde,
Office of Government Commerce
Sandra Caldwell, HSE
Tony Clarke, Brewer Consulting
Nigel Dorling, DETR
Maggie Dwyer, TUC
Stephen Harvey, John Doyle Group
Jackie Jowett, DETR
Janine Michael, CIB
Martin Print, DTI Innovation Unit
Michael Roberts, BAA
Bruce Russell, formerly Taylor Woodrow
Stef Stefanou, John Doyle Group
Helen Stone, 'Change the face of construction'
Hugh Try, Chairman, CITB
Don Ward, CIB
Philip White, HSE/M4I

## SUBGROUPS

### Diversity
Helen Stone, 'Change the face of construction'
Martin Ablett, Willmott Dixon Construction
John Bywater, Otis
Wayne Callender, M4I
Fraser Clement, CITB
Jackie Jowett, DETR
Guy Hazlehurst, Davis Langdon
Terry Hodgkinson, Lemmeleg
Jane McCartney, Ove Arup

### Site welfare
Mike Roberts, BAA
Bob Blackman, TGWU
Bernard Dempsey, O'Rourke Group
Roy Evans, Willmott Dixon Construction
Stuart Henderson, Heathrow Airport Limited
Barry Jones, Mansell
Alan Lamond, Pascall & Watson
Steve Pycroft, Mace Limited
Stef Stefanou, John Doyle Group
Suzannah Thursfield, Construction Confederation
Philip White, HSE/M4I

### Safety
Alan Crane, M4I
Gil Briffa, Briffa Phillips
Nigel Bryson, GMB
George Brumwell, UCATT
Peter Rickell, Maurice Bagley & Partners
Mike Stott, O'Rourke
Martin Thurgood, HSE

### Off-site conditions
Bruce Russell, formerly Taylor Woodrow
Terry Casbolt, John Doyle
David Barrett, London Concrete
Stephen Harvey, John Doyle Group
John Howells, Independent Insurance
John Worthington, DEGW

### Health
Sandra Caldwell, HSE
Michael Burt, Office of Government Commerce
Jeannie Edwards, Carl Bro Group
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# ANNEX 3 THE INVESTORS IN PEOPLE STANDARD

| Indicators | Evidence Required |
|---|---|
| 1. The Organisation is committed to supporting the development of its people. | • Top management can describe strategies that they have to put in place to support the development of people in order to improve the organisation's performance.<br>• Managers can describe specific actions that they have taken and are currently taking to support the development of people.<br>• People can confirm that the specific strategies and actions described by top management and managers take place.<br>• People believe the organisation is genuinely committed to supporting their development. |
| 2. People are encouraged to improve their own and other peoples' performance. | • People can give examples of how they have been encouraged to improve their own performance.<br>• People can give examples of how they have been encouraged to improve other peoples' performance. |
| 3. People believe their contribution to the organisation is recognised. | • People can describe how their contribution to the organisation is recognised.<br>• People believe that their contribution to the organisation is recognised.<br>• People receive appropriate and consecutive feedback on a timely and regular basis. |
| 4. The organisation is committed to ensuring equality of opportunity in the development of its people. | • Top management can describe strategies that they have put in place to ensure equality of opportunity in the development of people.<br>• Managers can describe specific actions that they have taken and are currently taking to ensure equality of opportunity in the development of people.<br>• People confirm that the specific strategies and actions described by top management and managers take place and recognise the needs of different groups.<br>• People believe the organisation is genuinely committed to ensuring equality of opportunity in the development of people. |
| **PLANNING**<br>**An Investor in People is clear about its aims, its objectives and what people need to do to achieve them.** | |
| 5. The organisation has a plan with clear aims and objectives which are understood by everyone. | • The organisation has a plan with clear aims and objectives.<br>• People can consistently explain the aims and objectives of the organisation at a level appropriate to their role.<br>• Representative groups are consulted about the organisation's aims and objectives. |

| | |
|---|---|
| 6. The development of people is in line with the organisation's aims and objectives | • The organisation has clear priorities, which link the development of people to its aims and objectives at organisation, team and individual level.<br>• People clearly understand what their development activities should achieve, both for them and the organisation. |
| 7. People understand how they contribute to achieving the organisation's aims and objectives. | • People can explain how they contribute to achieving the organisation's aims and objectives. |
| **ACTION**<br>**An Investor in People develops its people effectively in order to improve its performance.** | |
| 8. Managers are effective in supporting the development of people. | • The organisation makes sure that managers have the knowledge and skills they need to develop their people.<br>• Managers at all levels understand what they need to do to support the development of people.<br>• People understand what their manager should be doing to support their development<br>• Managers at all levels can give examples of actions that they have taken and are currently taking to support the development of people<br>• People can describe how their managers are effective in supporting their development. |
| 9. People learn and develop effectively. | • People, who are new to the organisation, and those new to a job, can confirm that they have received an effective induction.<br>• The organisation can show that people learn and develop effectively.<br>• People understand why they have undertaken development activities and what they are expected to do as a result.<br>• People can give examples of what they have learnt (knowledge, skills and attitude) from development activities.<br>• Development is linked to relevant external qualifications or standards (or both), where appropriate. |
| **EVALUATION**<br>**An Investor in People understands the impact of its investment in people and its performance.** | |
| 10. The development of people improves the performance of the organisation, teams and individuals. | • The organisation can show that the development of people has improved the performance of the organisation, teams and individuals. |
| 11. People understand the impact of the development of people on the performance of the organisation, teams and individuals. | • Top management understands the overall costs and benefits of the development of people and its impact on performance.<br>• People can explain the impact of their development on their performance, and the performance of their team and the organisation as a whole. |
| 12. The organisation gets better at developing its people. | • People can give examples of relevant and timely improvements that have been made to development activities. |