



The JCT Povey Lecture

At the Crossroads - a wasted generation or inspired talent. The power to choose.

Paul Drechsler

15 November 2012

Introduction

On Thursday 15 November the JCT Povey Lecture was given by Paul Drechsler, Chairman & Chief Executive of Wates Group Limited. His lecture, entitled 'At the Crossroads - a wasted generation or inspired talent. The power to choose', was presented at the Bevin Hall, Local Government House, Smith Square, London.

The JCT Povey Lecture is an annual event at which an eminent person is invited to give his/her thoughts on significant matters that are relevant to the construction and property industry.

The JCT Povey Lecture was inaugurated in 2003 as a public acknowledgement and tribute to Philip Povey who served the Joint Contracts Tribunal for 50 years.

Biographical Details

Philip John Povey – Barrister – commenced in construction as a legal adviser to the NFBTE, later became the Construction Confederation, in 1951. At the same time he began to assist the Joint Secretaries of the Joint Contracts Tribunal (the JCT).

Philip first became Director of Legal Services at the Confederation and then its Director General. He later became the first Secretary-General of the restructured Joint Contracts Tribunal Limited in 1998.

Philip's work for the JCT became well known through the publication of JCT Standard Forms of Contract, which in time found their way to many parts of the world. He had a keen mind, which steered him around what he viewed as the less important or parochial issues for which the industry seems to have a particular attraction and enabled him to get to the core of a problem and to resolve it. He was an extremely skilful draftsman who invariably managed to satisfy the demands of many disparate, often competing, bodies.

Although there were committees, working parties and individuals that provided valuable input, it was Philip who shouldered the burden of writing the text.

He retired from the JCT at the end of 1999 but died suddenly only 18 months later, in 2001.

About JCT

The Joint Contracts Tribunal was established in 1931 and has for over 80 years produced standard forms of contracts, guidance notes and other standard documentation for use in the construction industry.

The Joint Contracts Tribunal is an independent organisation representing all parts of the construction industry and is the leading provider of standard forms of building contract. The following are Members of JCT:

British Property Federation Limited
Contractors Legal Grp Limited
Local Government Association
National Specialist Contractors Council Limited
Royal Institute of British Architects
The Royal Institution of Chartered Surveyors
Scottish Building Contract Committee Limited

and JCT Council is comprised of five Colleges representing:

employers/clients (including local authorities)
consultants
contractors
specialists and sub-contractors
Scottish building industry interests.

Chairman: Peter Hibberd MSc, FRICS

Chief Executive: Neil Gower BA Hons, Solicitor

Past Chairmen:

1931 – 1956	Sydney Tatchell CBE, FRIBA
1956 – 1960	Sir Percy Thomas OBE, PRIBA
1960 – 1973	A. B. Waters CBE, GM, FRIBA, FRIAS, PPCI Arb
1973 – 1978	P. H. Bennett CBE, MA, FRIBA, FRSA
1978 – 1983	Norman Royce FRIBA, PPCI Arb
1984 – 1988	Patrick H. Barry OBE, RIBA
1988 – 1995	Roger M. Squire MA, FRICS, FRSA A. M. Millwood OBE, FRICS, FCI OB (Acting Chairman – May to September 1995)
1995 – 2002	Roy Swanston Hon DSc, FRICS, FIMgt, FRSA
2002 – 2007	Christopher Vickers CBE, FRICS, ACI Arb Neil Smith FRICS, MCI Arb (Acting Chairman – December 2007 to February 2009)

At the Crossroads - a wasted generation or inspired talent. The power to choose.

Paul Drechsler
Chairman & Chief Executive | Wates Group Limited

Good Evening. It is a great privilege to be invited by the JCT to honour Philip Povey and to give this address. Previous speakers, all great characters within the UK construction and property sectors, have already covered a lot of ground, so I wondered what theme might offer invited guests a different perspective.

I would like to talk to you this evening about the subject of Youth, Aspiration and Education. In fact, I see this as a natural follow-on from last year's address by Mike Putnam from Skanska who spoke about one element of Sustainability: "The Journey to Deep Green".

Sustainability is founded on three pillars; economic growth & wealth creation, environmental impact and social responsibility. The latter is, in my view, about what we can do as leaders to make a positive difference to society.

As James Wates and construction industry leaders often argue, there is no better industry sector in the UK with tonnes of potential for economic growth and social impact.

We proudly account for 7%-8% of GDP, employ over two million people, serve over 300,000 firms (mostly SMEs) and, importantly, carry out so much of our activity in the most disadvantaged parts of society.

We are uniquely-placed to understand and to make a big, positive difference.

So, on this cold November evening, I would like to start by talking about the summer. Two summers in fact – this one and the last one. For those who managed to get tickets to the see the Olympics or the Paralympics this year, lucky you!

Even if you just watched the event on television like I and millions of others did, it was still an amazing, uplifting experience. Jessica Ennis, Mo Farah, Bradley Wiggins, Sir Chris Hoy and Ellie Simmonds to name but a few. Gold after gold, medal after medal for Britain. The stadiums alive with cheers and applause as we saw hard work and dedication rewarded. As an Irishman who has worked in this country for many of the past 35 years, I can say that it made me proud to live in Britain.

Now, let us compare those images with summer last year when our television screens were filled with images of shops ablaze, screaming sirens and youths throwing stones as so many of our major cities erupted into riots. The courts sat for extended hours. There were 3,443 crimes across London alone linked to the violence and an estimated £200 million worth of property damage occurred. Shocking as it is, that huge figure is made up from individual men, women and families who saw their livelihoods go up in smoke during the course of a few nights.

So, two summers – one showing the very best that young people can achieve through hard work, commitment and strong support. The other showing the very worst of young people who have no sense of responsibility, who feel that they have no stake in society and who often have no concept of working hard to create something worthwhile.

For me, these two events that hit the headlines around the world are a vivid illustration of the crossroads that we, as a society, are standing at.

Do we see ourselves moving forward along the path in which our young people learn about achievement, positive life experiences and the great sense of self-respect that can be theirs if they work for it – the kind of thing that we saw during the Olympics and Paralympics? Or, do we find ourselves drifting down a route which sees a large chunk of population experiencing alienation, poverty of expectation and the kind of lawless disenchantment that we saw during the summer of 2011?

Do you know, by the way, which shops came off most lightly during those nights of riots and looting? One of them was Waterstones. Waterstones the bookshop had nothing, it seems, that was of interest to these young people.

The issues that these two entirely different events throw up are particularly important for all of us here today because the Construction Industry is very much a people industry. The homes and offices that we put our names to are built by people for people. So, like the whole of society, we here are standing at this crossroads and that is what I would like to talk about now.

Let us look at some figures. As I said, we are a people industry. We currently employ over 2 million people according to the Department for Industry. Perhaps more importantly, we have got to find another 85,000 skilled workers every year to keep pace with the next decade's demands. We need to identify them, we need to recruit them and we need to train them.

So we have certainly got the demand but what about the supply? Given the choice, I am sure we would all rather be looking in a pool of talent that reflects the spirit of the Olympians that we cheered this year rather than the rioters that we were so appalled by last year. But how realistic is that wish? What is the pool of talent like out there? What makes a young person into someone who can create the homes, shops and offices of the future on board with us, rather than destroying them like the rioters?

Before I talk about the figures, I would like to say a bit about my own background and why I am personally so passionate about education and training in the Construction Industry.

I was born in Dublin, Ireland. My father was a Czech refugee and my mother, amongst other things, an avid reader of books! I was always surrounded by books and lucky enough to have been given great encouragement to do well at school.

I studied Engineering at Trinity College in Dublin, and my first job was with ICI on Teesside. The company culture placed great priority and value on individual learning and development and training. I worked in many countries around the world and saw

some examples of extreme poverty and disadvantage in Pakistan, India and Brazil, where I lived for two years.

However, it was only when I moved to the Wates Group in 2004 that I realised the extent of poverty and disadvantage here in the UK. Let me say a bit more about this.

Wates is a fourth generation family firm that has changed and adapted to survive over 115 years. Throughout its history, the Wates family have been concerned for those less advantaged. In the last three years alone - three of the toughest in the industry - Wates Giving* has donated nearly £6 million to charitable causes.

Against this background, it is probably no surprise that nearly 40% of our business is in affordable housing, 20% in education and a smaller percentage in prisons.

It was in my first months at Wates, on a site visit to some tower blocks we were refurbishing in Newcastle, that I saw first-hand a level of poverty and disadvantage I had probably passed many times. It was this experience that provided the spark for what has become a passionate interest in exploring how business can make a greater impact on society; most strongly via engagement in education.

I was given opportunities and I took them. There were training schemes available to me and I benefited from them. People helped me up the ladder and I am very grateful to them. Now, I am in a position to give something back with my work as Chairman of the Business in the Community Education Leadership Team and as Chair of The Prince's Trust Construction and Business Services Leadership Group. I am very proud to be involved with these two important organisations. I am also very proud that Wates entered The Sunday Times 100 Best Companies to Work For list for the first time in 2010 and received a special award for "Giving Something Back".

But, today, the mountain that we, as a society and all of us here in the Construction Industry have to climb, is frankly huge – and here is why. Let us look at the facts and figures.

3.9 million - almost a third of all children in the UK – live in poverty

I am saddened by this figure. Here's another one.

1 in 5 of our young people are classified as NEET (Not in employment, education or training).

We know from research by The Prince's Trust that, if this continues for more than six months, the possibility of them ending up in prison is five times more likely. This too is a cause for concern.

Nearly 2 million children (1 in 6) live in workless households where neither parent has a job (*source: Labour Force Survey*). Many of these parents have never had a job – neither have the grandparents.

What sort of aspirations are these children likely to have?

1/5 young people from deprived homes believe that few or none of their goals are achievable (*Source: Prince's Trust Broke, Not Broken survey May 2011*)

Here's a question – how many of you read or have ever read to your children? Come on, there must be some Harry Potter fans out there! OK, now consider this:

29% of the poorest families have no books in their home and 28% of these children have never been read to by their parents (*Source: Prince's Trust Broke, Not Broken survey May 2011*)

I heard the story recently of a teacher who asked her class to bring in a book to school. The only book one child could find at home was the Argos catalogue.

Now we know that although Britain is the seventh biggest economy in the world, there is real deprivation in this country. Not only that, but the whole concept of work is quite simply alien to millions of our fellow citizens. They have no idea of what it is like to take home a wage at the end of the week, to be set a goal and to achieve it, to get involved in a project and see it through. They have never had the satisfaction of working with colleagues to see a job well done. All these experiences - things that you and I will take for granted when we are back in the office tomorrow - mean nothing to them.

1 in 6 children will leave school without the ability to read, write or add-up properly (*Source: Leitch Review on Skills, 2008, UKCES*)

So how are we doing here? I passionately believe that Education is the key to changing things for the better. Raising aspirations and attainment is the most important long-term priority for the UK.

Our industry, like so many others, has to compete internationally, so let us look at the UK's international ranking in educational performance.

UK literacy rankings:

2003 - 7th place

2006 - 17th place

2009 - 25th place

(*source: OECD Programme for International Student Assessment*)

In our business, measurements and calculations are essential, of course, so how is Britain doing in numeracy?

2003 - 8th place

2006 - 24th place

2009 - 28th place

(*source: OECD Programme for International Student Assessment*)

What about science?

2003 - 4th place

2006 - 14th place

2009 - 16th place

(source: *OECD Programme for International Student Assessment*)

International competitiveness is fundamental to the long-term success of the UK. You could say that the pool of talent I talked about is stagnant rather than sparkling. Now, this obviously has a direct effect on us as a country, as an industry and as individuals. We, in the construction industry, need talented, enthusiastic, skilled people but they are in short supply. We all need to do something about the culture of worklessness, the lack of education and the low aspiration that is the reality for so many of our young – and not so young - people.

Two serious problems. Problems that are getting worse.

Let me give you another reason why I believe that business needs to get involved in helping our young people to learn and develop – and it is not just to give us a warm, fuzzy feeling and tick the corporate social responsibility box.

The Occupy movement, attacks on the banks, criticism of Vodafone and others for not paying what is seen as their fair share of tax – there is a hostility to business at the moment that is frankly concerning and very destructive. Increasingly, numbers of people - especially young people - feel that the corporate world is against them and is something to be attacked and defeated. We need to work harder than ever to prove that you can make profits and satisfy shareholders and still help those in our society who need a hand-up. If anything, we need to show that, when it comes to social exclusion, dangerous inequality and lack of opportunity, we are part of the solution, not part of the problem.

If you are beginning to feel overcome by despair then do not be.

Here is another interesting statistic from The Prince's Trust.

78% of young people agree that having a good job is a key priority for the future
(Source: *The Prince's Trust*)

So, the demand and the interest are both there. And I firmly believe that the demand from this industry and this genuine desire by so many young people have a common solution. We talk a lot about synergy in our industry and there is a fantastic opportunity here for some truly exciting, constructive synergy.

Our job in construction, as you know, is very much about identifying a problem and then finding a practical solution to it. Based not only on my own career and also much of what I have seen happen at Wates and across the industry, I know that there are simple, practical steps we can all take to help society, to help our sector and to help businesses.

Let me tell you about Kyla Fry.

We spotted Kyla's talent on one of Wates' "Building Futures" programmes for the long-term unemployed and suggested that she train with us as a Resident Liaison

Officer. She had no prior experience in the Construction Industry. She now acts as a "Building Futures" champion.

This is what Kyla had to say

“I meet some wonderful people and have fitted in really well. I am able to just be myself here although I do work really hard.”

Kyla is a great example of how the talent and the motivation is out there – we just need to identify it and encourage it.

Here is another example of a young person who visited Wates that I would be proud to employ: Daniel Idundun who came to us from Pimlico Academy. I will let him tell his story because he can do it better than I ever could.

“For me the chance to have work experience at Wates has opened my eyes into various areas I never knew existed. During my time at Wates, I was able to gain a lot of qualities, understanding and experience around a workplace. I visited several sites inspecting the development, highlighting any "near-misses" I am sure you are all familiar with. I also, with another student, carried out research on current projects in the pipeline. In addition to this, I spoke to a number of people whilst also asking a lot of questions! Inspirational is a word I would use to describe all my Wates mentors.”

Daniel is a great example of how we can reach young people through an initiative called "Business Class", which is the flagship education programme of Business in the Community. As I mentioned earlier, I am Chair of the Education Leadership Team at Business in the Community and "Business Class" is creating a seachange in the way businesses work with secondary schools. It focuses on four key pillars: leadership and governance, the curriculum, enterprise and employability as well as wider issues.

As well as Wates, there are over 145 other well-known companies who have signed up to "Business Class" and our numbers are growing every week. Other companies include: Prudential, Alliance & Leicester, Cadbury, BT, PwC, UBS, Jaguar Land Rover, John Laing and Carillion

Through "Business Class", we create a long-term strategic partnership between a business and a secondary school for three years or longer. We identify the areas in which a business can make the greatest difference and we help them to put that into practice. Then, based on a well-defined gap analysis process, the school determines the priorities for the partnership.

Take, for example, the Blessed Hugh Faringdon. It has a partnership with the Prudential. They are running a pilot scheme mentoring 11-year-olds. They have also trialled a buddying school leadership programme with staff and they have used some of the Prudential leadership training materials in the school. The Prudential has also supported personal financial education for year eight students.

"Business Class" is now active in over 220 schools. 66% of English "Business Class" schools fall within the top 33% of the most deprived communities. (Eligibility for free school meals in "Business Class" schools is more than double the national average

(32% versus the national average of 15.9%). 82% of "Business Class" schools fall below the 2011 national average of 58% pupil achievement of 5A*-C grades including English and Maths. So, as you can see, we are targeting this help where it is needed most.

Surely, this is a "win-win"? A better future for our young people and a better pool of talent for the construction industry and the wider economy.

But, then the partnership idea goes beyond this, as these businesses and schools collaborate with others in their area to form localised "clusters". These clusters allow them to pool resources and ideas and to share best practice. There are now 27 clusters involving more than 145 leading businesses. Our long-term goal is to build 500 "Business Class" partnerships by 2014 with 65% of these in the top 20% of the most deprived communities in the UK.

Here's what Helen Noble, Deputy Head Teacher at Ernesford Grange Community School and a member of the Coventry Business Cluster, has said about her experience:

"The main benefits of schemes like business class clearly help to support the school's drive to raise standards but not just academic standards but also standards in terms of pupil's self-esteem and self-confidence and their readiness for work. It is really, really vital that we provide students who are equipped as well as they possibly can be for the world of work, particularly in the climate of youth unemployment as it is at the moment and help from businesses themselves so that they can guide us in what they want from a new employee."

From the point of view of businesses, the response has been equally enthusiastic:

Bart Schmeink, MD Merseyrail, Liverpool Business Cluster explained how "Business Class" had been a real success. He said: "Our staff have loved it and have learned how to look at their own jobs with a different set of eyes, looking at it from the outside in. It's great to see how the young people behave and interact with more flair and self confidence week on week."

Academic research also supports these positive experiences. "There is robust research evidence that shows the effectiveness of partnerships in improving educational attainment, employability and school governance." "Business Class" is proving successful in these areas." (Cass Business School 2010)

We have made a great start and already we have seen impressive results but there is still a lot of work to do – and there is huge potential. According to a recent report by KPMG, few schools have highly-developed, systematic partnerships with businesses. So, let me ask you, let me lay down a challenge if you like – have you engaged strategically with schools in your area? Have you thought about the possibilities of working with them? What about talking to your own kids' Head Teachers? As you can see, the demand is there – and the results can be very impressive.

Our aim at "Business Class" is to empower over 75,000 young people every year, raising their aspirations and skills, by 2015 – but we need your help.

At Wates this year, our employees have donated over 500 hours to inspire over 2500 students collectively across eight "Business Class" partnerships. There are so many great examples of how "Business Class" works and I wish I had longer to tell you about more of them but I have not so I will give you three key statistics instead:

- 38% - improvement in academic achievement for students who were in schools in a strategic partnership
- 40% increased employability
- 85% of schools said that it was either very or extremely beneficial to have a business partnership and that they want more employer engagement

(Source: Cass Business School)

So, here is another example of that "win-win" in practice. At Wates, we have a pioneering initiative to help the long-term unemployed. It is called "Building Futures" and it is a two-week Qualifications and Credit Framework, accredited vocational programme. "Building Futures" is aimed at long-term, unemployed adults all of whom are disadvantaged in finding work. It provides soft skills training and practical training as well as a valuable insight into the Construction Industry. We recently celebrated the 550th person to go through this programme. 550 lives turned around. 550 skilled people, with over 50% moving successfully into employment, education or further training.

I just want to mention the prison population as well. For most of us, the idea of a convicted thief complete with toolbox in a stranger's new home would be pretty worrying. But what if that that ex-offender, with his string of previous convictions, is plastering the walls or finishing off the electrics? At Wates, we have now helped over 50 ex-offenders to avoid returning to prison by assisting them with employment opportunities. Recent research by the Prison Reform Trust shows that employment reduces the risk of re-offending by between a third and a half. So, we get motivated individuals, grateful for an opportunity, society has fewer criminals and, most importantly, these people have something that they have probably never had before – hope and opportunity.

Here is another example of the enthusiasm that there is among young people to experience working life in a successful, growing construction company.

A few months ago, the Year 9 students from Pimlico Academy came on a class trip to The Peak, the Wates' offices opposite Victoria Station, near their school. My colleague, Victoria Baker, hosted the visit. She said:

“It was a bit nerve-wracking preparing for the visit, as I was a bit worried they'd be bored or cheeky. But, with the help of some willing Wates volunteers who came by for 20-30 minutes to share their career experiences and talk about some of their projects, the time flew by and the kids were relaxed and engaged.

I think one of the most interesting activities for the students was simply touring the office and getting a feel for how people behave in the workplace and the type of work

we do. The Wates School 21 team were in the last throes of preparing for their final stage interview with the client that afternoon to win an Academy school project in Newham, but they took some time out to introduce themselves and showed the pupils a model of designs for the new school and we all wished them the best of luck!

I was lucky enough to witness first hand on Friday how just a few hours and a few conversations can open a young person's eyes to the possibilities of a life beyond what they had thought they could achieve.

There was one conversation in particular that struck me. We had just finished the office tour when this kid came in and said: "Miss, miss your offices are well nice, do you have a cleaner? Do you think I could get a job here as a cleaner?" And I just said: By the end of the day we are going to be looking at all of the different careers that you could do in the construction industry and I'm going to tell you more about my job and others. Maybe next year you might want to come back for work experience when you're in year 10 and you might have other ideas about what you want to do.

It was just really cool that he could perhaps aim a little bit higher than what he might have thought he could achieve when he first came in that morning."

I think we can do better than that for a bright, enthusiastic young 15-year-old, can't we?

As well as the students, long-term unemployed and the ex-offenders that we have helped, I would also like to talk about the positive effect that our outreach work has had at Wates. I have found talking to our employees and hearing their stories equally inspiring.

So, the enthusiasm and engagement amongst our staff is there but let us look at what kind of effect it has on the organisation. What kind of return on investment are we getting?

Research repeatedly shows that supporting employees to work on CSR activities such as mentoring increases their engagement. Our last employee engagement score is 91%. (*Source: Wates*)

At Wates, our mantra 'Above all, it's about people' shows both how and why we do business. Our Learning and Development strategy exemplifies this ethos and underpins our ambitious goals. Seen as business-critical, we continue to invest around £1m per annum in our people, despite challenging market conditions. Our vision is to deliver creative learning and development solutions in support of the business strategy and enable Wates people to reach their full potential to maximise our competitive advantage.

We encourage a culture of success through learning and, to deliver our business growth, we are committed to recruiting, developing and retaining the right people. Our success depends on the ability and goodwill of our employees and we are committed to creating a culture where people achieve all that they can. To support this, we have a learning strategy that provides all employees with training and development throughout their career with Wates.

We provide a wide variety of programmes and courses such as a thorough induction, tailored Health, Safety and Environmental training, support with gaining professional qualifications, membership of professional institutions, Leadership and Management development programmes and a diverse range of Personal and Technical development workshops. We also understand the value and importance of "on the job" learning and development and mentoring and coaching.

Our training and development programmes are an integral part of our successful Investors in People Accreditation, an important external benchmark of our progress and commitment.

However, the foundation for all we do in Wates is our values, aligned with those of the Wates family and with a deep-rooted care and respect for communities and the environment. We care beyond buildings.

I mentioned the riots at the start of this talk and it is worth noting by the way how many communities pulled together to clear up afterwards. Young and old, white and black, business owners and their customers all working together with brooms, paint and hammers and nails to repair and rebuild.

Repairing and rebuilding is what we can all do – only on a much larger scale.

Of course, we have our own strategy and priorities in Wates and we have a comprehensive plan called "Reshaping Tomorrow's Communities" that is focused on raising aspirations and skills of young people and in creating training and employment opportunities for those that need it the most.

We could, of course, go it alone but, when your motivation is impact, then you ask how much greater can your impact be by collaborating with others? That is why we are a member of Business in the Community.

It is also why I am really proud that Wates is one of 37 Construction and Services companies that collaborate together on the 'Get into Construction & Services Programme'. This programme focuses on young people also - aged 16-24 - too often labelled NEETS. I know that many people here this evening are also actively involved with The Prince's Trust – over 2,500 young people have completed the programme; we should all be very proud of this.

The Construction Industry is a great industry: it really matters, it really counts and it really cares. These are tough times, especially for our industry, but even more so for the 2 million young people not in employment, education or training. So, there is a short-term issue. More importantly in the long-term, unless we engage to support Head Teachers and schools to transform education in the UK, we will become less competitive and the challenges will become greater in the future.

So, my closing thought would be to adapt a quotation by another famous Irish American, John F. Kennedy:

“Ask not what you can do for your company, but what more your company can do for your country?”

I hope this evening I have provided you with a clear case for action and some ideas on what more you could do to achieve greater impact.

- You could commit to a long-term partnership with a school using the "Business Class" approach
- You could encourage and support your employees to volunteer as school governors, give career talks, mentor teachers or students
- You could collaborate with others on The Prince's Trust "Get into Construction & Services Programme"

In 2006, James Wates' Povey Lecture talked about 'joining the dots' – better collaboration across the industry to achieve a single stronger voice. I congratulate him on the significant progress made.

This evening I have followed the same philosophy around the role of business in society. Smart collaboration is the key to faster progress – our industry is a people industry – team working, going for gold is what we do well.

Thank you.

- * Wates Giving is a charitable programme set up by the Wates family owners of the Wates Group to support projects that benefit communities for the long-term. All projects are proposed and championed by Wates Group employees and, since Wates Giving was launched in 2008, nearly £6m has been committed to projects across the UK which have a direct impact on communities for the long term.

The Joint Contracts Tribunal Limited
28 Ely Place
London
EC1N 6TD

E-mail: stanform@jctltd.co.uk

Website: www.jctltd.co.uk