

The Chartered Institute of Building

submission to the

Department for the Economy

on the consultation on

Skills Strategy for Northern Ireland: Skills for a 10x Economy Consultation

August 2021

The Chartered Institute of Building
1 Arlington Square
Downshire Way
Bracknell
RG12 1WA

e: policy@ciob.org.uk

t: 01344 630 881

The CIOB

The Chartered Institute of Building is the world's largest and most influential professional body for construction management and leadership across the built environment. We have a Charter to promote the science and practice of building and construction for the benefit of society, and we've been doing that since 1834. Our members work worldwide, and across the island of Ireland in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training in universities and colleges across Ireland. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

The CIOB also has a dedicated policy and research function, whose expertise we have drawn on in the preparation of this response.

Strategic Context

1. Are you content with the overarching strategic direction set out in the section The Programme for Government, our Economic Vision (a 10x Economy) and the Skills Strategy for Northern Ireland? (see page 28):

“the Skills Strategy must be directly aligned to the PfG aim of improving wellbeing for all by supporting efforts to tackle inequalities, providing low skilled, low paid, or unemployed individuals with the opportunities they need to work in ‘better jobs’, whilst concurrently focusing on provision of the skills and qualifications needed to drive economic growth and competitiveness in the sectors where Northern Ireland has real global potential.”

- If you do not agree, please provide further detail.

N/A

2. Do you agree with the need to rationalise the skills landscape by limiting the number of strategies governing separate parts of the skills system, instead focusing on a single, overarching, Skills Strategy for Northern Ireland (see page 40-41)?

- If you do not agree, please provide further detail.

We agree with the need for a joined-up approach, but different sectors will require different interventions. For instance, the problems facing the construction sector include an aging workforce; lack of diversity; lack of new entrants; and misperceptions of careers in construction. Other sectors face different challenges and any strategy must address sector-specific issues rather than employing a one size fits all approach.

Furthermore, while we welcome the aspiration to align Northern Ireland with future high-growth sectors such as Fintech and Cybersecurity, this must not be at the cost of policy recognition for where acute skills shortfalls exist at present. Construction is one of the sectors facing a severe shortfall in skills and this is having a negative impact in terms of Northern Ireland achieving its housing and infrastructure aspirations.

Almost half of construction SMEs are struggling to recruit adequate numbers of bricklayers, with others finding it increasingly hard to hire carpenters and joiners, site managers and supervisors.¹ This

¹ <https://www.fmb.org.uk/asset/1642B984-DEEB-456D-AE9829AD89A242E0/>

is an opportunity for the Skills Strategy to use cross departmental thinking: a proven way of addressing skills shortfalls in construction is to provide a clear pipeline of activity. The Government can take the lead on this.

As the biggest client of the construction sector, the Government can provide a clear, long term pipeline of construction projects. As part of this Skills Strategy, the Government should assemble and publish a stand-alone, comprehensive pipeline of national and local infrastructure projects, including local-authority built housing projects. This should be along the same lines as the National Development Plan in the Republic of Ireland. The NI Government needs to agree a way forward and work with the industry to ensure adequate capital and infrastructure spending is put in pace.

From an industry perspective we also need to find a way of attracting enough people into a career in construction. The CIOB wants to work with within this strategy to ensure this happens and prevent the lack of skilled tradespeople endangering the sector's potential for future growth.

3. Have you any other comments on the Strategic Context Chapter?

Skills shortages affect both the professional and trade sides of the built environment sector. Prior to the pandemic, the Construction Industry Training Board's Skills and Training in the Construction Industry 2018 report found that one in six (17%) construction employers did not have enough skilled workers. Nearly half (47%) of employers experienced difficulty in recruiting skilled direct or self-employed staff.

The Global Financial Crisis had a devastating impact on the construction industry workforce, with some 400,000 people losing their jobs across the sector in the UK, and many never returning. The industry has taken over a decade to rebuild its capacity and the experience serves as a harsh reminder of the threat of recessions pose to the sector.

The Northern Ireland labour market will continue to change as a result of the Covid-19 pandemic and its economic impacts. An estimated 70% of workers were furloughed by construction companies between the period from March to end of June 2020. We welcome the Government's support for the sector during this time, as well as mechanisms to retain staff through the Talent Retention Scheme, however, we anticipate that employers will opt for redundancies unless workloads return to pre-Covid levels.

Skills shortages affect both the professional and trade sides of the built environment sector. Prior to the pandemic, the Construction Industry Training Board's Skills and Training in the Construction Industry 2018 report found that one in six (17%) construction employers did not have enough skilled workers. Nearly half (47%) of employers experienced difficulty in recruiting skilled direct or self-employed staff.

Recruitment and training across the built environment are complex challenges, compounded by the ageing profile of workers in the sector, low numbers of new entrants and the proposed changes to immigration laws affecting the ability to recruit.

The CIOB previously responded to the Migration Advisory Committee's (MAC) Shortage Occupation List 2018, producing a cross-industry research report that surveyed 276 companies which collectively employed more than 160,000 workers across the construction industry to identify shortages of available staff pre- and post-Brexit. The survey found several roles that were frequently seen as shortage occupations, including construction project manager (SOC Code: 2436) and production managers and directors in construction (SOC Code: 1122).

We also submitted a joint response with several trade and professional groups on the impact of the coronavirus pandemic for construction and migration and the need for the Shortage Occupation List to be reflective of the industry's skills needs as we exit the European Union and recover from the pandemic, to prevent any shortages or gaps. As part of this Skills Strategy we encourage the NI Government to further consult with industry on an ongoing basis to develop a strategy that is flexible and responsive to emerging evidence and insight on the construction industry's future skills needs as they develop.

Strategic Goals and Policy Objectives

4. Acknowledging the need for the development of 'SMART' targets, do you agree that the skills supply gap identified under the Skills Barometer's high growth scenario should be placed at the centre of the proposed Strategy (see page 43)?

- If you do not agree, please provide further detail / preferred proposals.

Again, we agree with the long-term aspiration, but are concerned that focussing solely on STEM subjects risks overlooking the acute shortage of skills being experienced in the built environment sector at present. Construction's contribution to the NI economy is above 7% in Northern Ireland, more than the 6.1% average across the UK.² While it is appropriate for the Skills strategy to aspire to attract high growth industries, this should not be at the cost of recognising the economic importance of construction to Northern Ireland's economy and the impact the skills shortage is having on the sector.

5. Are you content that the proposals contained in pages 43 - 56 provide an ambitious and comprehensive approach to 'Addressing Skills Imbalance, Driving Economic Growth'?

- If you do not agree, please provide further detail.

We agree with the proposals contained in pages 43 – 56. However, we argue that there is more scope for industry involvement particularly in 'Proposed Commitment 7' (p53). Professional bodies need to be consulted as they have data on whether the education system is 'economically relevant' to the needs of their industry. At the moment the education system is simply not producing enough built environment professionals and the 'Independent Review of Education' needs to reflect that.

Improving the quality of – and access to – education and training is crucial to ensuring a sufficient pipeline of qualified, professional workers who are passionate about careers in the built environment. However, the poor image of construction has continued to have a detrimental impact on businesses' ability to recruit and retain people with the right skills.

For those who struggle with academic life or prefer a more 'hands on' job, construction truly provides a route to a solid career. The CIOB enables those in trade roles to progress through to professional status as Chartered Construction Managers. The achievement of professionalism at all levels within the construction industry is at the core of our work and we play a leading role in the development and continual improvement of educational standards at a national and international level. But we also recognise the challenges facing the industry, such as the unprecedented skills shortage, the ageing workforce, and the difficulties in attracting both school leavers and graduates to the industry.

With that in mind CIOB runs an outreach programme whereby we proactively engage with schools and third level institutions. We have developed 'Think Construction', a suite of learning resources

² <https://www.ciob.org/industry/research/Real-Face-Construction-2020>

inspired by enquiries and feedback from members looking for resources to help them with school outreach sessions. The content has been shaped by research carried out with young people to understand their perceptions of the industry as well as input from teachers and industry advisers.

We are also strong advocates for apprenticeships but where we concern ourselves is in ensuring that apprenticeships are good quality for the person enrolling on them and that they meet the needs of the employers who run them. We work with various employers, other like-minded organisations, and the Institute for Apprenticeships and Technical Education to help shape those standards.

Degree apprenticeships are an area we have been working for several years, and we have rolled out the model in partnership with the Department of Education in England. These apprenticeships combine working with studying part of the time at a university. Apprentices are employed throughout the programme and a degree apprenticeship takes typically between 3 to 6 years to complete, depending on the learner's starting point.

What we champion is quality learning and we have openly pushed and supported apprenticeships that reach degree and postgraduate level qualifications. We are also mindful that the construction industry often contracts and expands leaving apprentices at the mercy of their employer. The industry must accept that it needs to create confidence for apprentices so that they know the skills they are learning will help them succeed, progress and thrive and that there is a genuine commitment from their employer and education provider for that to happen.

We also endorse the Construction Industry Training Board's GoConstruct portal, which informs children and parents about the array of careers and opportunities in construction and the wider built environment, from trade-based opportunities through to professional careers in construction management, architecture and surveying. Additionally, the CIOB's Craft Your Future initiative is a construction game aimed at 12-14-year olds that takes place in Minecraft and presents students with a variety of problems focussing on the challenges faced by city-based communities. It is designed to help young learners explore the methods and skills required to become a construction manager, including those central to the new technologies that will define the future construction industry.

We are disappointed with the UK Government's recent decision to delay the publication of BTEC results, due to the potentially significant detrimental effect it will have on students' career paths and the message it sends; that their technical qualifications are less valuable than academic equivalents. At a time when the findings of the Hackitt Review are driving the reform of safety and quality standards within the built environment, technical education in keystone competencies is more important than ever. Yet in the public eye, the undervaluing of BTECs gives the impression that it is a pathway of last resort. BTECs are the gold-standard of routes into construction careers, and it is crucial that those students who choose this pathway are given parity of education with those that undertake A-levels.

With respect to 'Proposed Commitment 5' (p50) ultimately, a sustainable recovery and long-term pipeline of talent must be supported by a shift in the content of built environment courses to reflect the skills needs of the future. Employers have often cited outdated curricula and skills as a barrier to the employment of Further Education (FE) students, and a challenge at FE level is ensuring that the best people are teaching the right skills. Incentivising experts to enter teaching and ensuring that they are not forced to leave the industry to take up less lucrative teaching roles will be vital to skilling and upskilling a workforce that is equipped with modern, low carbon skills.

6. Are there any additional proposals you believe should be considered under the 'Addressing Skills Imbalances, Driving Economic Growth' objective?

Upgrading the energy efficiency of existing homes through repair, maintenance and improvement (RMI) is an example of a socially valuable project that will support regionally balanced economic growth, while providing an unprecedented opportunity to address skills imbalances, aid the health and wellbeing of residents and make progress towards Northern Ireland's net zero target.

Previously, a lack of confidence in long-term policy direction has impeded the retrofitting sector's ability to acquire new entrants and train them in the low carbon skills of the future. Instability and piecemeal policy have weakened the resilience of the construction supply chain and reinforced a lowest-cost procurement model which has eroded quality and hindered innovation.

It is vital that the immediate economic impacts of Covid-19 do not lead to future skills gaps in the competencies and technologies that will be vital to reaching net zero. The industry has long suffered from challenges posed by skills shortages and gaps and the cyclical boom-bust nature of construction means workloads and staffing requirements are heavily dictated by the general condition of the economy. This is exacerbated by an ageing workforce and difficulty attracting new entrants to the sector.

To address these issues, we are also calling for the Government to seek a longer-term commitment to decarbonising our homes, by introducing a national retrofit strategy as a key infrastructure priority and core element of this skills strategy. This will provide a clear direction of travel for the construction industry as well as the certainty that businesses need to create stable, green jobs beyond 2021, and the confidence consumers need to invest in whole-house retrofit.

In order to deliver a long-term national retrofit strategy, the CIOB is proposing a 'Help to Fix' loan scheme, which would involve the provision of interest free loans by Government directly to owner occupiers for a large range of measures which, while predicated on improving energy efficiency, would also extend to other measures including loft conversions, extensions, annexes and home improvements.

The scheme would seek to promote five policy outcomes:

1. encouraging construction activity where SME builders and local jobs are under threat;
2. supporting local economic activity;
3. expanding usable residential floor space;
4. increasing the uptake of energy efficiency measures by private homeowners; and
5. supporting the revitalisation of rundown high streets.

In brief, funding could be secured against a charge on the home, or alternatively, an equity stake. The repayment of the funding would be at the time of sale (a fixed closure date may be advisable to reduce legacy administration). The aim would be to remove the initial payment of a lump sum by households to carry out retrofit work – one of the primary barriers to this type of work in the past.

The provision of loans is not a new concept and was the foundation of the much-criticised Green Deal. While it is true that a Help to Fix mechanism would not be universally applied, demand for RMI must be enhanced through a blend of compatible, well-coordinated measures; it cannot be carried out in isolation.

Importantly, Help to Fix would allow for wider improvements than just energy efficiency, for example loft conversions or extensions. These would enhance the value of the home and, in many cases, the space available. This packaged approach to home improvement should encourage uptake and benefit the overall built environment in producing more residential space, a judicious move in light of the growing trend towards homeworking.

Financially, the scheme proposed is likely to prove net positive. The costs would be low, and the Government would likely see gain through a higher tax take resulting from higher employment. This would provide a consequent boost to local economies, further supporting tax revenues. In reducing cashflow pressures for households which are already looking to improve their homes, stronger subsequent spending elsewhere in the economy would help to support economic growth.

7. Are you content that the proposals contained in pages 57 - 75 provide an ambitious and comprehensive approach to 'Creating a Culture of Lifelong Learning'?

- If you do not agree, please provide further detail

N/A

8. Are there any additional proposals you believe should be considered under the 'Creating a Culture of Lifelong Learning' objective?

N/A

9. Under 'Enhancing Digital Skills, Creating Our Digital Spine' we include only one recommendation, that an expert panel is appointed to develop a specific Digital Skills Action Plan for Northern Ireland (see pages 76 - 81). Do you agree with this approach?

- If you do not agree, please provide further detail.

N/A

10. Have you any other comments on the Strategic Goals and Policy Objectives?

While we acknowledge that this is a skills strategy, from a policy perspective the strategy would benefit from considering the role the Government can play in creating an environment in which future skills are economically relevant. As above, creating demand for green skills in the form of a retrofitting strategy is one example; creating a clear pipeline of public housing and infrastructure projects is another. Whatever the approach taken both the demand and supply sides of the equation - skills and the application thereof in the economy - need to be part of this strategy.

Furthermore, attention needs to be paid to places in the strategy. For instance, where are the innovation and skills clusters the document talks about going to be located and why? What are the resources - natural, educational, institutional, infrastructural - that different places in Northern Ireland have, and why does this make them suitable candidates to host these clusters? The document is light on the spatial implications of its proposals and this needs to be addressed in order to achieve policy coherence.

Policy Enablers

11. The first two 'policy enablers': 'Enhancing Policy Cohesion' and 'Building Stronger Relationships' focus on a refreshed approach to the governance of the skills system (pages 84 - 90). Do you agree that these structures are a useful and appropriate approach to improving the development and implementation of skills policy in Northern Ireland?

- If you do not agree, please provide further detail.

We agree with the proposal for a national skills council. However, it is important that this does not become an internal talking shop between central and local government. We therefore welcome the remarks made about the views of industry and academia being included in order to ensure the council is informed on best practice and the real-world implications of government policy.

Professional bodies, such as they CIOB, with significant membership bases across Northern Ireland, provide an ideal access point to the view of industry. The document rightly flags the difficulty SMEs have in attending government/industry fora. Professional bodies with dedicated policy teams representing SMEs engage in such activity as part of their remit and are therefore appropriate members of the council. In our view, each of the major sectors in the economy needs to be represented on the council, rather than having one representative for business in general, as has previously been the case.

On proposed commitment 31, which relates to Equality Diversity and inclusion, research by the CIOB has found that trends in higher education courses show a higher proportion of women studying built environment courses compared to women working in the sector. This suggests a significant attrition rate: there are more women interested in construction occupations than who end up working in the industry. Given that there is an existing interest in the built environment in this group, a targeted approach to reduce the attrition rate could be one of the most effective tools to encourage more women into the workforce.³ Professional bodies, universities and colleges could work together via the proposed National Skills council to formulate a targeted approach to create a clear pathway for the cohort of women who study built environment subjects to work in the sector.

12. The third policy enabler focuses on 'Investment in the Skills System'. The programme of change proposed in this consultation document is likely to require substantial investment. Do you agree that this should be prioritised?

- Please elaborate on your response.
- Consultees who agree should remain mindful that this may mean reductions in funding for other public services.
- If you disagree, please provide further detail.

We agree that the skills system requires funding. However, we are not comfortable with the framing of the question which portrays public funding as a zero-sum game. It is possible to have an adequately funded skills system while also having adequately funded public services.

Furthermore, investment in skills attracts a medium-term economic dividend, and any financing arrangements need to recognise this. If public expenditure employed a wider conception of value and a longer-term horizon for accruing returns on investment, the case for investing in skills, while continuing to invest in all other public services, would be much clearer.

³ <https://www.ciob.org/industry/policy-research/quality-irish-construction-sector>