

Enterprise and Learning Committee

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National Federation of Builders:

Submission to the Enterprise and Learning Committee

April 2008

1. Purpose of this Paper

1.1 This paper has been compiled at the invitation of the Enterprise and Learning Committee to convey observations and opinions from the Industry regarding the contribution of Higher Education to the Construction Sector in Wales.

1.2 The paper seeks to represent the views of members of the National Federation of Builders (the NFB) as expressed to the Director, Simon Lovell-Jones. As such it does not constitute formal NFB Policy.

1.3 The NFB is the UK's longest-established trade federation for the Construction Industry. It has some 120 members Wales-wide; overall there are nearly 2,000 members across England and Wales. The Federation is also part of the Construction Confederation which represents some 70% of the industry in the UK.

1.4 Following the invitation from the Committee (28th March 2008) meetings have been held with various Federation members around Wales where the impact of HE on the Construction Industry was discussed. Conversations have also taken place with Academic Institutions and other Sector Bodies.

1.5 The Committee is asked to note that the evidence is primarily anecdotal, but carries the weight of having been expressed by Industry experts with primary experience. Furthermore, it should be noted that the Construction Industry represents some 14% of GDP. The basic premise of the paper therefore, that greater engagement with HE in ways that are more clearly structured, better communicated and more sensitive to the needs of the industry could potentially result in significant returns - and this at a time when the Industry is facing particular challenges in a severe economic climate.

2. Background

2.1 HEI's primarily contribute to the Construction Sector in Wales:

As employers and consumers of goods and services;

Through training and ultimately providing skilled people;

Through the application of knowledge to develop systems, practices and products that could enhance Welsh businesses.

Through provision of facilities and expertise that enable the development of people and companies.

The list above is clearly not comprehensive and does not attempt to address the knock-on effects of HE's in Wales - their contributions to regenerating areas, to attracting investment and so on.

Discussions with member companies, however, have revealed various gaps between HEI's and businesses in the Construction Sector.

2.1 The Communication Gap

Communication with the Industry is challenging. The vast majority of Construction Businesses are "micro-SME's", they are widely dispersed and operate under significant time-constraints. Notwithstanding welcome efforts from some institutions to establish Construction Industry Employer panels, there is a major issue here about how HEI's communicate with businesses and Industry bodies. One employer noted that it was only Construction Skills that got in touch, never the FE/HE Institutions.

One Member reported how she had tried to set up members of staff to enrol on courses offered by an HEI. Unfortunately, it proved impossible to find out even basic details about the course during the summer months since "all the relevant people (i.e. the teaching staff) were not in". Phone calls were not returned; no information was provided - even the cost of the course was impossible to ascertain. This lack of consideration for the way that businesses communicate and the information that must be provided is far from ideal.

Another HEI agrees: "some of our organisational cultures will need to be more overtly business-facing". But there is "experience" and "desire" to work to respond effectively to the skills agenda here in Wales. The same Institution draws attention to its grant-raising potential entirely via the Web. It is extremely unlikely that the majority of businesses in the Construction Sector will ever come across them directly.

It is possible that some of the major issues affecting the industry could be addressed through addressing communication. One of these is the lack of adequate emphasis upon Research and Development (R&D).

Hundreds of Welsh businesses are missing out on the £125m a year not being taken up in government R&D tax credits (source: Grant Thornton, Cardiff Office.)

The above goes on to note that:

"R&D as a percentage of UK GDP has remained relatively stagnant over the last 10 years, falling from 1.78% in 1997 to sit at 1.75%

Anything that adds value to a product or process is potentially entitled to tax relief, but in our experience businesses are not actively looking out for this".

It is important also to speak to the right people at the right time. One Business School was undertaking a project to analyse production processes involving high-specification glass. Following conversations a construction company based less than ten miles away that has extensive requirements for such products was contacted as a potential partner. Earlier communication with the company could have improved the process analysis such that it considered wider ranges of final use and delivery options.

Another University has excellent facilities for developing new construction materials. A demonstration to companies in a recent Construction Skills meeting produced considerable frustration that the materials were not sustainable. Earlier conversations with end-users (i.e. construction companies) could have ensured that the researchers focussed upon approaches that were more appropriate.

It is important also to communicate with the right people. Watchers of Dragons' Den may remember a product that was designed to be fitted into diesel tanks. The idea is that impurities in such tanks settle to the bottom, where conventionally the lead pipe is placed. By locating the lead-pipe on a floating platform, impurities are not drawn into the pipe and thus machinery becomes considerably more reliable. The Experts on Dragons' Den threw the idea out. A construction supply business in Port Talbot immediately appreciated the relevance of the idea and it is already in production. Involvement of construction companies identified the business potential of the idea.

Improving communication with the HEI sector and the Industry is perhaps the single most important issue. Without it, not only are Welsh businesses going without, they are also unable to take advantage of the significant expertise that is on offer, particularly in the fields of process and business improvement. It should be noted that Construct Wales is playing an important role in this area.

2.2 Skills Gaps

Many employers are increasingly concerned about the levels of skills at every sector of the Industry. There have been reports of deterioration in the quality of information provided. Standards of Architects are reported as "going down". Drawings presented by clients are frustratingly inaccurate. Furthermore, qualifications obtained by students appear regularly to be too narrow in terms of the actual skills taught, for them to be of any use on site. Time constraints are also considered to be impeding skills acquisition. Many companies have referred to time periods of seven years as being required.

It has been reported that HEI's tend to concentrate on offering more affordable courses - scaffolding appreciation for example is rarer in Wales. A number of courses simply aren't offered in Wales - notably for craftsmen - and this is not helpful to Welsh business. It is hoped that the establishment of a National Construction College might help address this.

Occasionally skills are taught without appreciation of how they work in the "real world". Examples include young bricklayers whose coursework was undertaken in a specially-constructed barn. On reaching their employer they informed him that they could not build walls in the rain.

Construction Skills has repeatedly been reported as excellent, ("can't fault them"). They have initiated contact with companies and have worked with them to enhance training plans and to ensure take-up of the Industry Levy. Furthermore their monitoring of Industry needs is essential reading for drawing up strategy. These indicate that there is a significant need for additional Construction workers. There is an opportunity here both for training young people such that they are able to take advantage of this, but also for re-skilling workforces where employment streams have dried up.

There have been comments however that approaches to skills have tended to concentrate on encouraging lower achievers into the industry. There is a perceived need to engage a full range of talents including the highest flyers academically, since they have tremendous contributions to make to the Construction Industry in Wales.

2.3 Strategy Gaps

There is frustration at the fact that some courses have no real opportunity at the end of them. Courses finishing with an NVQ Level One, for example, will mean that people who complete them remain out of work, since they are not of a standard that would be of benefit to a business

Financial support for businesses taking on trainees should also take into account the fact that wages vary according to age. If a 26 year old is taken on, they will need to be paid full rates, whereas a 16 year old can be paid less. The financial incentive for companies is clearly to take on the younger person. The older person is unlikely to be taken on without some sort of financial support for the business.

Courses in HEI's have also been reported as focussing upon text-book examples with occasional reports from "live" projects researched by given departments and videos. There is clearly a need to deliver a course in such a way that can be reliably examined and accredited. At the same time, there is a gap between what is studied and the world just around the Institution. The choice not to engage directly with what is going on around the walls of the HEI suggests an absence of Entrepreneurialism - a distance between academe and real life. Business is very much about being aware of what is directly around you, a society's wants and needs, and this gap is perhaps one of the

most concerning.

2.4 Cultural Gaps

There have been a number of comments that "youngsters want it too easy these days". Another employer noted how the first sets of questions from Welsh trainees or potential employers were all about leisure: leave entitlements, what periods qualified for double rates and so on. This contrasted sharply with questions from Polish workers that were all about work: can we work seven days? how early can we start?" and so on.

One employer - also a parent of an undergraduate student - noted the drop out rate from HEI's in the first term. He suggested enabling students to have a one month trial in the summer.

When considering incentivising and motivating, one member talked of the importance of broader Apprenticeship schemes in larger employers. Taking on ten apprentices, for example, led to "healthy competition". Such an approach is likely to involve a major gear-shift, notably in support for such businesses.

The same member makes a point of interviewing a child and his or her parents. If sourcing apprentices is carried out by outside agencies, then it is not possible to appreciate or establish relationships before employment; this can be an important part of ensuring that apprenticeships are allocated to the most appropriate people. There is perhaps a need to educate companies here.

Summary / Recommendations

The HEI sector in Wales represents an extraordinary resource for businesses. They boast expertise in virtually every field. At the same time it is perceived that there are a number of gaps between Academe and Society. A more systematic approach to communication with the industry that is fundamentally more creative in terms of identifying and exploiting opportunities could have significant "win-win" outcomes, and is perhaps the most important recommendation of this paper.

Formal liaison panels should be established - or existing structures enhanced - to be attended by HEI's and Sector Representatives including Trade Federations. This can be used to share data on current courses and Industry needs. They could also look at funding and development opportunities and enabling businesses to benefit from these.

To raise skill levels there is a need for enhancement of provision in the field of Construction - the creation of a National Construction College might well go some way to achieving this - through offering training in more specialist trades, for example. This might also help achieve greater co-ordination.

There is also a need to attract the brightest students to the Industry - whether in Civil Engineering, in business studies or via the trades. This is not simply a communication issue, although members have expressed the view that a greater presence and understanding of the Industry in schools or via organisations such as the Urdd would benefit the impression young people have of the industry.

Greater care should be taken to ensure that courses offered by HEI's fit Industry need. Requirements can then be discussed in the round and particular investment needs identified.

There is a need for more work-based learning - this would help reduce the perceived gap between HEI's and the society around them. Approaches could be highly practical: contracts for building work in colleges that use public funding could be subject to apprenticeship and training clauses, for example. These also offer opportunities for students studying a range of courses including project management, process engineering and so on.

Other public procurement exercises should be mindful of the opportunities for training local people in full consultation with companies such that employability is maximised. UCATT suggests Level 3 as a minimum qualification target.

Above all there is a hope that the profile of the Industry and its potential can be raised with young people and their parents, such that they recognise the excitement of the Industry, its potential to change environments for the better and its potential to develop younger - and older - people and help them to realise their own potential.

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