

Enterprise and Learning Committee EL(3) 28-09 (p2) : 9 December 2009

Evidence paper – ConstructionSkills Wales

ConstructionSkills is delighted to take this opportunity to provide evidence to the Enterprise & Learning Committee during its inquiry to Generating Jobs in the Green Economy and build on past Welsh Assembly Government consultation responses which our organisation has submitted. Our organisation believes that the sustainable development agenda, in collaboration with the development of green skills and sustainability training will be vital in not only addressing climate change, but also in ensuring that Wales is in a position to take advantage of the economic upturn when it comes.

Modern construction practices and the potential for ‘green jobs’ are creating a demand for new skills and knowledge requirements which is why ConstructionSkills has set up a specialist Future Skills Unit (FSU). The FSU’s remit is to inform and assist the construction industry to respond to the changing demands being placed on it to achieve social, environmental and commercial sustainability. The Future Skills Unit in Wales will provide a focus for future skills activities as an integral part of the work of ConstructionSkills Wales. It will establish and enhance strategic links with partners and develop a programme of action to support the construction industry in achieving the Welsh Assembly Government’s targets around sustainable development and climate change, and to respond to the challenges and opportunities afforded by product and process innovation.

Section 1: Key points on ‘Generating Jobs in the Green Economy’

- a) Due to a historic focus of the Welsh economy on particular sections of the built environment sector, coupled with the Welsh Assembly Government’s historic lack of engagement with skills providers and work-based learning organisations has led to the current situation in Wales. The necessary capacity and skills required for training in relation to the construction sector and the built environment (especially considering the increased pressure brought to bear by *Capturing the Potential* and the *Towards Zero Waste* strategy) is currently patchy and not up to the standard which ConstructionSkills Wales would like to see. ConstructionSkills would suggest the establishment of a National Construction College in Wales could assist in equalising the delivery of skills training in Wales by working as a hub for further education institutions, work-based learning providers and other training schemes. In addition to the business case which ConstructionSkills Wales has previously submitted to the Welsh Assembly Government on this issue, we would draw the Committee’s attention to the IWA report entitled ‘Plugging the Gap – The Case for Establishing a Site for CITB-ConstructionSkills National Construction College in Wales’ which notes that “A majority of the companies surveyed buy the IWA as part of this study (56%) say they would be more likely to use a south Wales site as opposed to one of the existing campuses. [...] At the latest count Wales and the South West had the

combined total of 237,780 employees in the construction industry. This compares with just 180,000 in Scotland which is enough to support a branch of the Construction College in Glasgow.”¹

- b) ConstructionSkills Wales and our partners in the built environment sector firmly believes that the aspirations of the Welsh Assembly Government are laudable and should be supported, however these policy aspirations must be turned into delivery on the ground –for learners, for training providers and for employers. Currently we are unaware of how the much welcome aspirations included in a range of Welsh Assembly Government strategies will be tangibly delivered before 2011.
- c) The Welsh Assembly Government’s overarching strategy for skill development in Wales, *Skills that Work for Wales* tasks Sector Skills Councils with a number of priorities including “developing strong partnerships with other key players in the sector as well as with government, providers and intermediary bodies”. ConstructionSkills Wales has a good working relationship with the Department for Children, Education, Lifelong Learning & Skills from the Ministerial level through to senior and junior civil servants, however in order to be in the best situation possible to shape skills policy and policy delivery, the Welsh Assembly Government must be engaged with Sector Skills Councils in Wales and the “silo-like” nature of Government departments is not conducive to cross-portfolio working. The built environment sector as a whole must be more fully engaged with and by the Government in terms of developing policy which **begins** with skills training and delivers in terms of the outcomes set out and determined by employers. This pre-policy consultation must include ConstructionSkills Wales, the Welsh Built Environment Forum and professional organisations including planners, architects and surveyors.
- d) ConstructionSkills Wales acknowledges that the greening of the Welsh economy does present challenges to the built environment sector and to skills providers in Wales, but our organisation would also point out that there are significant opportunities for upskilling and market diversification via the green agenda in the Welsh economy; including the creation of short product-based courses, which are developed and led by companies and employers on the ground.
- e) ConstructionSkills welcomes the Climate Change Commission for Wales’ recommendations that the energy performance of homes is a key area where improvements can reduce carbon emissions. The emphasis placed on area based approaches is extremely valuable for industry as it allows economies of scale for capacity building, business, skills development and supply chain development.
- f) In the construction industry, the green jobs agenda has three potential strands; 1) the creation of new jobs 2) the transfer of employment (driven by the move from the reduction in fossil fuel consumption and increase in renewable) 3) the alteration or

¹ http://www.iwa.org.uk/publications/pdfs/construction_coll.pdf

reskilling of existing jobs, particularly by increasing knowledge within the construction workforce, around for example the impact on energy efficiency resulting from alterations to existing buildings. The construction industry needs clarity on exactly what new work will be available in the future as a result of the sustainability drive so they can establish what 'green jobs' means to them and what the proportional breakdown will be between 'New Jobs', 'transfer of employment' and 'reskilling'. This will allow proper planning by Sector Skills Councils and training providers so that Welsh companies are able to benefit from the work and hence generate green jobs for people in Wales.

- g) The construction industry will always respond to emerging markets. However, there needs to be more demand from the private sector for 'low carbon' construction activities in order to achieve a low carbon construction industry. Public and private training providers are already 'testing the water' on sustainability training and education and will upscale provision if demand increases and the market is tenable. This requires the demand for new skills and knowledge to be driven through public procurement and the private sector market. The latter requires a sustained campaign of awareness-raising and incentives to support market growth. Because the majority of construction companies in Wales are SMEs or micro SMEs, most do not have the capacity or confidence to invest in training to improve their green credentials or access the green market unless there is an increase in demand. ConstructionSkills and the industry federations do much work in trying to promote the importance of training and upskilling in this area. As mentioned previously ConstructionSkills Wales believe that the creation of NCC Wales would further support this but there also needs to be strong leadership from Government to make the step change happen.
- h) All jobs will need to be green jobs in the future and the transitional programme needs to be road-mapped for each sector. This supports the view that green jobs are not new jobs and many of the jobs referred to already exist or are slight modifications of existing jobs. Therefore re-skilling will be required for existing occupations. For example, the plumbing, electrical and roofing trades are all currently involved in the installation of solar panels and for skilled operatives this constitutes a development of their existing skills sets. It is important to recognise that some emerging green construction activities generated by government capital investment, may simply be absorbed by the market (such as retrofitting insulation to existing building stock), Others, such as the installation of Smart Meters or the construction of the Severn Barrage, will be temporary which would question their definition as "Green Jobs" in a sustainable sense.
- i) We would ask that the Welsh Assembly Government clarify the priorities for the energy efficiency improvement of the existing building stock to help Sector Skills Councils support industry in making the necessary changes in a timely and coordinated fashion. The UK government has recommended, on advice from the UK Zero Carbon Hub, that energy efficiency improvements to existing stock are the first priority, followed by on-site or linked environmental technologies (renewables),

followed by off-site energy generation solutions. The Welsh Assembly Government priorities on this are uncertain and there is inconsistent application around Wales.

- j) ConstructionSkills in Wales are concerned that due to the disconnect between the Department for Economy & Transport; Department for Environment, Sustainability & Housing and the Department for Children, Education, Lifelong Learning & Skills has ensured that the skills requirement of policies including *Capturing the Potential* and the zero waste strategy (when published) is a secondary concern to other more headline grabbing ideas such as 90% targets for re-using, recycling and reclaiming. ConstructionSkills has received information from practitioners in the field of cavity wall insulation and domestic home refurbishment that although the recently proposed ARBED scheme is welcome, in terms of the social and environmental benefits and the job creation, however there are concerns that the specialist skills in Wales are not in place and the skills levels that Wales does have will not be able to meet the expected demand of the project. In addition, it will be necessary to ensure that those people with the necessary skills be involved in the procurement and delivery of this project. Finally on this issue, ConstructionSkills Wales would point out to the Committee that according to specialists in the field, there is no existing pattern-book for how to install energy efficiency improvements to older, harder to treat properties (which make up a large percentage of the Welsh housing stock).
- k) ConstructionSkills Wales and colleagues from a number of Sector Skills Councils and professional organisations such as CECA, RICS and the FMB have long expressed concerns about the lack of joined-up working across Welsh Assembly Government departments and Ministerial portfolios. Although we acknowledge that the Minister for Economy & Transport and the Minister for Environment, Sustainability & Housing are co-signatories on a number of recent strategies we would question the involvement of the Minister for Children, Education, Lifelong Learning & Skills. In addition as a Sector Skills Council we fall into the DCELLS portfolio but have increasingly found ourselves concerned with issues which stretch across the Heritage, Social Inclusion, Sustainability, Housing, Environment and Economic Development portfolios and we have been unable to engage appropriately with the relevant Ministers or civil servants as we find that Sector Skills Councils are ‘pigeon holed’ as an education provider and therefore fall under the remit of DCELLS.

Section 2 : Key points – *Capturing the Potential* – A Green Jobs Strategy for Wales

- a) ConstructionSkills Wales welcomes the inclusion of the Sector Skills Councils in the green jobs strategy, *Capturing the Potential* and we welcome the Welsh Assembly Government’s commitment to sustainable development and the aspirations outlined in the strategy; however we would like to take this opportunity to make the following points:
 - i. With regards the “pool of ‘renewables champions’” referred to on p.11, ConstructionSkills would question how these “champions” will create new skills

training programmes, innovative methods of engagement and new education opportunities for learners and businesses. Despite the Welsh Assembly Government committing to work “in conjunction with Sector Skills Councils”, ConstructionSkills has not had any contact with the Assembly Government on this issue.

- ii. In response to comments on p.13 of the strategy ConstructionSkills Wales would point out that our organisation has always developed its skills and training programmes in collaboration with businesses in Wales. ConstructionSkills Wales has excellent links (through organisations such as the Welsh Built Environment Forum) to employer organisations such as the Federation of Master Builders (FMB) and the Civil Engineering & Contractors Association (CECA).
- iii. ConstructionSkills Wales constantly works hard to develop new ways of working and while we welcome the Assembly Government’s commitments to “encourage” and “progress” the development of various skills and courses (p.17), we would look forward to working with the Welsh Assembly Government’s in the potential development opportunity of a National Construction College for Wales to support this agenda.
- iv. ConstructionSkills Wales welcomes the moves towards more sustainable buildings supported by the Welsh Assembly Government but would stress that as part of ensuring all “support and investment” decisions are aligned with sustainable development aims (p.22), it will be essential for the Welsh Assembly Government to be actively engaged with sector representatives such as the ConstructionSkills Wales, the Welsh Built Environment Forum and the Cross Party Group on the Welsh Built Environment.

N.b – Copies of ConstructionSkills Wales’ response to ‘Green Jobs for Wales’ can be provided on request.

Section 3: Likely impact of the current recession and the reduction in public expenditure on financial incentives, business support and grant aid and on investment in larger projects

- a) It cannot be denied that the construction sector in Wales has been hit hard by the economic downturn and subsequent recession, however the most recent investigation into future employment prospects for the construction sector in Wales forecast that, following a decline in numbers due to the economic downturn (down to 118,060 - a fall of around 8% from 2008 levels) the sector will begin a slow recovery from the back end of 2010 through to 2014 (rising over this period by around 11% to reach 131,110). Many of these jobs can be considered 'green' as the sector adapts and responds to regulatory and technological changes (the Assembly Governments push towards higher levels of the Code for Sustainable Homes and BREEAM standards and a mover to greater levels of modern construction methods including off-site manufacture). For this to bring about a benefit to Wales' workers it will be essential

that there is a good level of articulation between those Assembly Departments that are driving change, such as DESH, and those Assembly Departments that will need to help the sector respond effectively (DCELLS for the skills and knowledge and DE&T for the development of the supply chain and business processes). It is not felt that this articulation is yet as strong and effective as it must be.

- b) We are concerned that the blanket imposition of regulations around reducing waste in the construction / demolition sector would have a further negative effect on the sector, and if regulations aligned to the targets outlined in the *Towards Zero Waste* consultation (to which ConstructionSkills Wales responded) were put in place in Wales, ConstructionSkills Wales believes that they could prove fatal to a number of SMEs in the Welsh construction sector.
- c) In financially straightened times we recognise that funds must be prioritised, however the importance of upskilling and training in tackling the economic downturn should not be ignored and ConstructionSkills Wales does welcome the additional funding for training and skills through programmes such as ProAct and ReAct. However as a work-based learning provider and a partner to many Further Education Institutions, we have our concerns over the “efficiency savings” which will be required of the Department for Children, Education, Lifelong Learning & Skills (according to the Finance Committee’s report on the Draft Budget 2010 - 11 this could be as much as 5%).
- d) There are concerns amongst stakeholders in the sector that the withdrawal of public funds from planned projects and the allocation of funding to different projects could / has / will result in job losses and the collapse of SMEs in Wales. In addition, ConstructionSkills believes that in some circumstances Welsh companies have been “squeezed out” by some larger companies (often from other parts of the UK) as these larger companies are better able to compete in a ‘race to the bottom’ for costs and expenditure - thus resulting in the awarding of contracts away from Welsh companies.

Section 4: Business attitudes to investing in low carbon initiatives

- a) ConstructionSkills Wales believes that sections of the Welsh economy may be reticent to implement low carbon initiatives in difficult economic times and it will vitally important for the Welsh Assembly Government (in partnership with Sector Skills Councils such as ConstructionSkills Wales) to make relevant and clear the importance of low carbon and ‘greening’ initiatives.
- b) If the financial benefits of ‘going green’ are made clear to businesses it will significantly improve the uptake of such initiatives. All businesses in Wales are being squeezed at the moment and if there are benefits to operating in a certain way, more businesses are more likely to take them up. In the field of waste management, ConstructionSkills Wales is of the firm opinion that the waste-management

infrastructure in Wales is not yet at the stage where it could accommodate the levels of recycling and reclamation which the Assembly Government is aspiring to in *Towards Zero Waste*. Our organisation believes that it is important to review the capability and capacity of Wales' waste estate before placing additional burdens upon it, in particular addressing the need for specialist waste disposal and recycling sites.

- c) Further to point 4 (above), if training providers (such as ConstructionSkills Wales) are more closely involved in the development of 'green' and sustainable development policies, and if training programmes can be more closely aligned with these policies, businesses and employers may be more receptive to adopting them.
- d) ConstructionSkills Wales has heard concerns from colleagues across the built environment sector that the industry in Wales is perceived on an international level as over-regulated in the field of sustainable development. ConstructionSkills Wales is worried that if this perception is true (and more urgently, if this is not corrected), it will reduce external investment in the Welsh economy – the very thing which will assist in Wales' economic recovery.

Section 5: Extent and success of procurement initiatives

- a) ConstructionSkills believe that the Welsh Assembly Government can exercise significant influence over the terms of procurement contracts (through bodies such as Value Wales). This could result in including incentives for companies to improve their green credentials; such as committing to Code Level 3 developments, recycling targets and certain percentages of modular / off-site build.
- b) In addition, procurement contracts for the public sector over which the Welsh Assembly Government has an influence should include:
 - v. Job creation targets
 - vi. Upskilling the workforce involved in the project through training, workforce development, project-based learning and apprenticeship placement
 - vii. For apprentices, ensuring a percentage of continuation to larger projects
- c) ConstructionSkills believe that the Welsh Assembly Government can ConstructionSkills Wales is of the opinion that all of the skills and training aspects of a procurement contract could be combined with the 'green' requirements to form a "Green Benefits Plan" similar to the "Community Benefits Action Plan" which Rhondda Cynon Taf County Borough Council required to be included in tender submissions². This

² This document could mirror the Sustainable Risk Assessment which the Welsh Assembly Government has begun using for all contracts over £25,000. With an estimated annual expenditure of £4.3bn, Welsh public sector procurement can generate demand for green jobs through specifying requirements for green goods and services. The Local Government sector also uses the SRA and training and support is available to promote more consistent application within this sector.

document was not used in deciding on awarding the contract, however if successful the Plan did form part of the final contract.

- d) In addition, ConstructionSkills Wales acknowledges the work that has been done in this area by the Welsh Assembly Government, especially in terms of transparency and clarity during public sector tendering periods.
- e) ConstructionSkills Wales would recommend that there should be greater uniformity in financial assessment for procurement, on a Wales-wide basis overseen by the Welsh Assembly Government. This could follow Scottish proposals in the Scottish Construction Industry Plan 2007-2012. The Scottish Government is leading proposals to *“simplify and clarify the public sector procurement process, encourage greater use of the procurement guidance in all public sector works, help to avoid duplication and achieve greater consistency in the public sector prequalification and tendering processes.”*³

Section 6: Effectiveness of the green jobs strategy in Scotland

- a) The green jobs strategy in Scotland was unveiled in 2005/06 under a previous administration and as result it is somewhat of a historic document⁴. The strategy was updated in 2006⁵. However, it is clear from the work that ConstructionSkills Scotland is doing in this area and in its consultation’s with the Scottish Government that the core elements of the strategy are being advanced through the SNP Government’s ‘blue print for green jobs’ which was announced in February 2009⁶. This policy is focused around job creation in the renewable energy sector and includes the Renewable Heat Energy Action Plan⁷, the Renewables Action Plan⁸ and the Energy Efficiency Plan⁹.

Section 7: EU agenda and the future of the Lisbon strategy for jobs & growth

- a) The Lisbon Treaty will act to focus the European Skills agenda, and ‘green skills’ will become an increasing focus of attention for example the recently agreed DIRECTIVE OF THE EUROPEAN PARLIAMENT on the energy performance of buildings. To date ConstructionSkills response to green jobs broadly reflects that of the EU, for example in a memorandum to the Environmental Audit Committee ConstructionSkills remarked

“In order to establish consistency, quality and build market confidence, the underlying skills and qualification structure needs to be examined - from entry through to high level - to ensure that the skills are backed by qualifications and,

³ http://www.scocon.org/filelibrary/Scottish_Construction_Industry_Plan_2007-2012.pdf

⁴ <http://www.scotland.gov.uk/Publications/2004/06/19489/38713>

⁵ <http://www.scotland.gov.uk/Resource/Doc/917/0030855.pdf>

⁶ <http://www.scotland.gov.uk/News/Releases/2009/02/02112143>

⁷ <http://www.scotland.gov.uk/Publications/2009/11/04154534/10>

⁸ <http://www.scotland.gov.uk/Publications/2009/07/06095830/0>

⁹ <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Action/energy-efficiency-policy/ActionPlan>

where necessary, accreditation and/or certification. We believe it is critical that there is industry involvement in this process”.

- b) Similarly a December 2008 report for the EU Environment DG felt that better linkages were needed to better understand the relationship between the European labour force and environmental factors,

“Its recommendations included better understanding and forecasting of the skills profile of green jobs. At present there is little information on good practice and impacts of training for green skills, and questions of whether new green jobs themselves drive increased investment in the skills of these workers. The research also showed that, as jobs are created at the local level, it is important to tie green skills to sustainable local economic development strategies”.¹⁰

- c) ConstructionSkills recognises that different that the nations and regions in the UK may have differing ambitions and trajectories and this needs to be reflected in our response, while at the same time working within wider national and European communities. This work is very much a ‘work in progress’ and we will keep you informed of and involved in developments.

- d) The EU is focussing its attention on forecasting likely skills needs to be required across member states. Cedefop state that “Green sectors wil require new jobs, but they will also need to redefine many existing job profiles ...Training and guidance services ... should focus on skills related to energy efficiency and renewable energy implementation”.

ConstructionSkills Wales – December 2009

¹⁰ Greening South West Skills: Green Skills Research Brief – November 2009