|  |
| --- |
| **Sector Insights** |
| **Sector Overview:** |
| **Construction:*** Construction is **one of the largest sectors** in the UK economy – with a turnover of £370 billion, contributing £138 billion in value added to the UK economy and employing 3.1 million people (9% of the total UK workforce) <https://www.gov.uk/government/publications/industrial-strategy-sector-deals/introduction-to-sector-deals#construction>
* However, the potential of the sector has been held back by **productivity that is historically below that of the wider economy** – on average a fifth (21%) lower since 1997
* The Farmer Review, published in 2016, highlighted a combination of factors behind this problem, including the **cyclical nature of the sector, the unpredictability of future work and a lack of collaboration across the sector**. It concluded that transforming the industry would require **shared leadership by the industry, its clients and the government**
 |
| **Sector Skills Council/Sector Skills Body contact:** |
| **Construction Industry Training Board (CITB)** |
| **Details of sector partnership groups:**  |
| Planning forum (Chamber led)CITB-onsite experience (SSLEP led)Construction Staffordshire Excellence (Stoke college led) |
| **Local Context:** *(Why is the sector a priority/important locally?)*  |
| **Growing and high value sector with opportunities for future growth:****Construction businesses, jobs and GVA*** Total of 5,755 businesses in 2019 - **2nd largest sector business base in SSLEP area**
* 19% or 905 increase in businesses since 2011
* 13% or **3,000 jobs increase since** **2011** with 26,000 now in SSLEP area (13% part-time alongside high self-employment) and forecast to grow by 1,500 over next 5 years *(Based on Construction Skills Network forecasts 2019-2023 for the West Midlands – caveat that due to political uncertainty around Brexit, economic slowdown and potential economic downturn these forecasts could quickly change)*
* **Staffordshire has highest number of construction jobs (20,000) of all WM authorities**
* **GVA has increased by nearly a third (31% or £407m) since 2011** and now worth £1.73bn, the 5th highest valued sector in the SSLEP area
* **Productivity is high** where each construction job filled in Staffordshire in 2017 generated on average £70,500 compared to £43,700 for jobs filled in all industries of the Staffordshire economy, while in Stoke-on-Trent on average construction jobs generated £58,100 compared to £43,800 for jobs filled in all industries

**Location of Jobs*** Largest sector for jobs in **Stoke-on-Trent** (5,000) and **Cannock Chase** (3,500)
* Highest proportion of jobs of all sectors in Cannock Chase (8.3%) and **South Staffordshire** (8.1%) well above WM (4.4%) and England (4.9%) averages

**Main Jobs*** Dominated by specialist activities such as **electrical, plumbing and other construction installation activities** alongside the actual construction of residential and non-residential buildings and their completion and finishing

**Future Local Growth Opportunities*** Predicted future growth from **increasing demand for infrastructure** (i.e. employment sites and transport e.g. West Midlands Freight Interchange / HS2 –

peak workforce requirement in WM of 9,000 in 2021/22 with high demand for onsite construction workers) **and housing development** (i.e. to support the needs of local residents now and in the future and wider regional housing supply issues e.g. Birmingham’s unmet need - need for a minimum of 80,000 new homes in SSLEP from 2011 to 2031 (average of around 4,000 per year))* Opportunities from new technology and ways of working through **modern methods of construction (MMC)** – development of land and premises to support **offsite manufacturing and prefabricated house building** – increased productivity
 |
| **Key Employers in Stoke-on-Trent and Staffordshire:** |
| Major local construction employers include Novus Property Solutions, Unitas Stoke-on-Trent, J Murphy & Sons, and Taylor Wimpey (other companies present include Seddon, Kier, Enterprise, Amey UK, Homeserve and Balfour Beatty) |
| **Sector Issues and Drivers:** |
| <https://www.citb.co.uk/about-citb/construction-industry-research-reports/search-our-construction-industry-research-reports/forecasts/csn-forecasts-2019-2023-uk/>* **Political uncertainty due to Brexit** has seen investment, particularly from the commercial sector, put on hold and contractor recruitment, skills and training delayed <https://www.lgiu.org.uk/briefing/the-regional-and-sectoral-impacts-of-brexit/>
* Even with the impact of Brexit it is expected that there will be **more workers needed in the sector** with the latest Construction Skills Network (CSN) forecasts 2019-2023 shows:
	+ Construction output will grow by 1.3% a year
	+ 168,500 construction jobs will be created, up from the 2018-2022 figure of 158,000
	+ Public housing (3.2%) has overtaken private housing (2.4%) as the sector forecast to see the strongest growth over the next five years – driven by increased investment due to the removal of local authority borrowing cap
	+ Infrastructure (1.9%) growth will be driven by transport and energy projects, including HS2 and Hinkley Point C
	+ The most buoyant of the English regions is projected to be West Midlands with growth at 2.3% and employment to grow by 5.6% compared to 2.6% for UK
* Uncertain post-Brexit **migration** system, and an **ageing workforce** with many set to retire in the near future (nearly a third of workers are aged over 50 and only 10% are under 25)
* The sector faces the **twin challenge** of equipping workers with the **skills needed to adopt digital and manufacturing technologies** effectively, while recruiting and retaining enough people with **traditional skills** to replace those leaving
* The adoption of **modern methods of construction (MMC)** is critical to homes being built quicker and more cheaply and therefore vital to the government meeting its target of delivering 300,000 new homes per year in England annually by the mid-2020s. At the same time MMC in the construction industry will be vital to improving productivity with **better training needed for MMC alongside traditional building techniques**

*(According to the Royal Institute of British Architects, MMC can mean a 20-60% reduction in construction time, a 20-40% reduction in construction costs, and a reduction in onsite labour of more than 70%. There are also environmental benefits, including less construction waste)** **Major, modern recruitment drives planned** include:
	+ CITB Onsite Experience Commission is to invest £17.8m to provide 18,000 site-ready workers and help employers train and retain skilled workers, over the next three years 20 new hubs will be established

<https://www.citb.co.uk/about-citb/news-events-and-blogs/uk/2019/07/17m-construction-investment-project-to-attract-train-and-retain-new-talent/>* + CITB has launched Pathways into Construction – a £10m commission aiming to connect employers with people who don’t traditionally enter the industry such as women and BAME – current workforce more than 80% male, while just 7% of current workers are from black, Asian or minority ethnic backgrounds

<https://www.citb.co.uk/about-citb/news-events-and-blogs/uk/2019/08/10m-boost-from-citb-to-get-people-of-diverse-backgrounds-into-construction/>* + CSN is to launch an ambitious £2.35m digital skills funding commission to help modernise the industry by equipping leaders with skills to digitalise their business

<https://www.citb.co.uk/documents/research/csn-reports-2019-2023/csn%20report%20for%20uk%202019-2023.pdf>* + CITB has agreed £1.2m funding for offsite construction teaching materials, upskilling of trainers in offsite manufacturing and construction, and an outreach programme in secondary schools

<https://www.citb.co.uk/about-citb/news-events-and-blogs/uk/2019/06/offsite-construction-to-go-mainstream-with-12m-citb-investment-/>* **Jobs most in demand** over the next five years in the UK will be:
	+ Other construction process managers (3,420)
	+ Other construction professional and technical staff (3,260)
	+ Wood trades and interior fit-out (2,380)
 |
| **Implications of the Government’s Industrial Strategy Grand Challenges:** |
| **Construction Sector Deal -** <https://www.gov.uk/government/publications/construction-sector-deal>* The government and the construction sector, through the Construction Leadership Council, have agreed a **Sector Deal to transform the productivity of the sector** benefiting the wider economy
* The deal will substantially boost the sector’s productivity, through **greater investment in innovative technologies** and a **more highly skilled workforce**, creating new and well-paid jobs and maximising its export potential
* This will also **reduce the environmental impact, improve the efficiency and reduce whole life cost of new projects and buildings** to help build the houses, schools, hospitals and major transport projects we need
* The construction sector has an important role to play in achieving the vision set out in the **Government’s Industrial Strategy**: strengthening the foundations of our economy and achieving the **Grand Challenges** of putting the UK at the forefront of the AI and data revolution; maximising the advantages from the global shift to clean growth; becoming a world leader in the future of mobility; and meeting the needs of an ageing society
* The deal sets out a wide range of goals and priorities including:
	+ **Better jobs including an increase of 25,000 apprenticeships a year by 2020**;
	+ A **50% reduction in greenhouse gas emissions** in the built environment –supporting the Industrial Strategy’s Clean Growth Grand Challenge;
	+ **Digital techniques** deployed at all phases of design will deliver better, more certain results during the construction and operation of buildings;
	+ **Offsite manufacturing technologies** to help minimise the wastage, inefficiencies and delays that affect onsite construction;
	+ To at least **halve the energy use of new buildings by 2030** through developing innovative energy and low carbon technologies driving lower cost, and high-quality construction techniques.
* *See the People section of Sector Deal report for further details*
 |
| **Local Sector Labour and Skills Demand and Supply Issues:**  |
| <https://www.instituteforapprenticeships.org/about/occupational-maps/>Currently it is recognised that there are **3 main career pathways in construction**:* **Design, Surveying and Planning –** made up of:
	+ Technical occupations (Level2/3) e.g. Digital Engineering Technician;
	+ Higher technical occupations (Level4/5) e.g. Construction Quantity Surveying Technician;
	+ Professional occupations (Degree) e.g. Chartered Surveyor or Civil Engineer
* **Onsite Construction –**
	+ Technical occupations e.g. Bricklayer or Plasterer;
	+ Higher technical occupations e.g. Controls Engineer;
	+ Professional occupations e.g. Construction Site Management
* **Building Services Engineering –**
	+ Technical occupations e.g. Gas Engineering;
	+ Higher technical occupations e.g. Facilities Manager;
	+ Professional occupations e.g. Building Services Engineering Site Management

As mentioned previously, it is recognised that the construction sector is changing and that MMC including offsite construction are now emerging and likely to see new career pathways within the sector.**Occupations in Demand** *(Labour Insight)** Over 2,000 job vacancies in 2018, with consistently high demand through vacancies for **plumbers, carpenters, bricklayers (high risk of automation) and electricians**
* There is also high demand for office-based roles such as **managers and sales and customer services** related workers
* Also aware of recruitment difficulties in higher skilled occupations such as **quantity surveyors, mechanical engineers (robotics) and architects**
* Main recruiters include Novus Property Solutions Limited; Kier Group; Meridian Corporation Limited; Bloor Holdings; and Taylor Wimpey

**Recruitment Difficulties** *(Staffordshire Chambers of Commerce)** **Demand for construction recruits** is high and increasing in many occupations, such as labourers, bricklayers, and electricians, also although there has been some recent improvement there continue to be challenges in recruiting site mangers, quantity surveyors and site engineers
* **Average salaries** are decreasing locally and below national averages which is making recruitment difficult as candidates are demanding higher wages

**Demand-side Issues** *(DfE Employer Skills Survey)** 12% of construction businesses in SSLEP have vacancies compared to fifth (20%) of all businesses in SSLEP
* 6% of businesses have **hard-to-fill vacancies** (lower than 9% for all businesses)
* 6% have **skills shortage vacancies** compared 7% for all businesses (1 in 5 vacancies are SSVs)
* 9% of businesses have **staff with skills gaps and are not fully proficient** well below the 17% for all industries
* Just over half (55%) of businesses have **trained staff over the last 12 months** compared to 65% for all businesses
* A similar proportion of businesses provide off-the-job (45%) and on-the-job (44%) training
* Around a third (31%) of businesses have **underutilised staff** which is similar to the average of 32% for all industries
* Under half (47%) of businesses expect the **need for upskilling of staff** over the next 12 months compared to two thirds (66%) of all businesses, the lowest of all sectors

**Main construction qualifications and providers (skills supply) ESFA Funded Learning:*** SSLEP ESFA funded **learners have remained static over the last 3 years** with the **main qualifications in plumbing, electrical installation, bricklaying, and carpentry**
* **Declines in plumbing** (potential issue given high demand for plumbers in SSLEP area) **and joint qualifications for carpentry and joinery** (the latter appears to be offset by increases in site carpentry qualifications)
* There has also been **growth in bricklaying** and health & safety
* Majority of construction provision is based in Staffordshire (54%) and Stoke-on-Trent (22%), while there is also some provision in Walsall, Derby, Wolverhampton and Southwark
* The main providers are Stoke-on-Trent College (30%), Newcastle and Stafford Colleges Group (29%), South Staffordshire College (28%) and Walsall College (13%), with Burton and South Derbyshire College, Derby College, NACRO, and City of Wolverhampton College, and University of Derby also having a role locally

**Apprenticeships:*** SSLEP apprenticeship starts in construction, planning and the built environment remain relatively **static over the last 5 years,** compared to a 45% increase nationally
* The main apprenticeship programmes in 2017/18 were in **‘Construction Skills’, ‘Construction Management’ and ‘Chartered Surveyor (degree)’**
* There are high numbers of learners studying apprenticeships in **Trowel Occupations, Wood Occupations/Carpentry, Bricklaying, and Construction Plant or Machinery Maintenance**
* Alongside this there are also high numbers of learners studying functional skills courses including **Mathematics and English**
* The main providers are Project Management (Staffordshire) Limited, Newcastle and Stafford Colleges Group and CITB
* The highest volume of provision is based in Stoke-on-Trent, Newcastle-under-Lyme and through the CITB

**Business Responses Case Study:*** Recruitment Construction Company – 3 areas of focus:
	+ Levy – working with the companies on how to spend their Levy;
	+ Traineeships – work with employers to go through this method, to then get the right apprentices onboard. Linking in with colleges to achieve this;
	+ Training centre – looking at embedding their own training centre to authorise and renew initially the CSCS cards, but to develop over time.
* Find that larger companies don’t know how to spend their levy/what it means – but also once it is spent and utilised how to share within the construction industry.
* When recruiting apprenticeships they aren’t always happy due to the time/investment and they have a high turnover due to not what was expected.
* The main area is a vast amount of the labouring side of things is made up of EU nationals, which they have already seen a decline in people coming over for work and this is only expected to worsen. So they are looking to support the industry to work with schools/colleges to make the industry more attractive for school leavers.
 |
| **Local Responses:** |
| **The SSLEP Advanced Manufacturing & Engineering Hub****The Technology Hub (Stoke-on-Trent Spoke) –** Stoke-on-Trent College has re-equipped its Burslem Campus to support new programs and apprenticeships to meet construction industry demand, including: * Welding Skills
* Construction Technical
* Construction Operations – Civils
* Highways Maintenance
* Advanced Engineering/ Manufacturing - CAD, CAM

The development of these programmes will focus on Building pathology, waste management, EfW and energy efficiency in buildings.**The Tamworth Automotive & Engineering Hub** – South Staffordshire College leads the hub and offers provision in construction, electrical engineering and other sectors. Specific skills being delivered include motor vehicle (petrol and diesel), welding, welding simulators, robotics, CNC milling, 3D printing/rapid prototyping and mechanical engineering.**The AgriSTEM Academy –** South Staffordshire College delivers industry relevant training for the Advanced Manufacturing & Engineering and Agricultural Engineering & Technology sectors, this includes a multi-occupation construction area and gas heating & unvented hot water assessment areas.**The Science & Technology Centre –** based at Stafford College with a focus of developing STEM-related curriculum primarily at levels 3, 4 and 5. The primary curriculum offered within the Centre is focussed on level 3 with the delivery of A Level Sciences, Engineering and Computing. The Centre also hosts level 4 full time, part time and apprenticeship programmes along with the College’s level 2 and level 3 engineering apprenticeship activity. The College offers a series of primary and secondary taster activities focussed at key stage 3 and 4 where pupils from local schools visit the Centre for a day and experience on a carousel basis the Sciences, Lego and Computing. The plan is to inspire the students of the future to consider STEM related activity when making their career choices. The college’s specialisms are in the following areas:* Computer Aided Design/Manufacturing (CAD/M)
* 3D Design, scanning and printing
* Robotics, mechatronics and programmable logic controls (PLC’s)
* Building Information Modelling (BIM)
* Design for Manufacturing (DFM)
* Building Energy Management Systems (BMS/BEMS)
* Construction design, architecture, surveying and civil engineering
* Technical construction management
* Mechanical, electrical and electronic (M&E) design, implementation & servicing
* Applied Maths

**SSLEP funded Skills Equipment Fund (SEF)****Stoke-on-Trent College - Technical and Curriculum Development Project (The Heat Academy) -** provides specialist equipment to enhance its provision offer in advanced manufacturing, construction, construction technologies and civil engineering.**Newcastle & Stafford Colleges Group - Hybrid Construction Technology** - the specialist equipment will support the development of hybrid construction training at the college's national construction plant training centre at its Stafford campus. The college is one of only twelve centres in the whole of the UK to provide specialist training in heavy construction plant. The equipment will support the delivery of advanced apprenticeship frameworks in plant maintenance, plant operation, civil engineering plant & construction.**ESFA ESF Programmes**The ESFA programmes provide a wide range of support from engagement and outreach activities to higher level skills development, these are delivered across the region through four prime providers; Skills Training UK offer support to individuals who are NEET, Peopleplus offer support to unemployed individuals, The Community Foundation for Staffordshire provide community grants to organisations moving people closer to the labour market and Serco offer skills support to both employed individuals and those who are under threat of redundancy.Up to August 2019 the **round 2 ESF programmes have supported learners in 298 construction qualifications**. |
| **Recommendations:*****Options:**** *Do nothing*
* *Develop a provision offer to fill “provision gaps”*
* *Increase capacity of existing provision to meet demand*
* *Fund capital equipment to enable education providers to deliver provision to fill “provision gaps”*
* *Improve supply, increase attainment Ks4, Ks5 and post 16*
* *Enhance CEIAG to share details on priority sectors to inform career choice*
 |
| * **Attract: Early Careers IAG** – co-ordinated approach to promoting construction careers at an early stage of learning (i.e. sector champions/ambassadors promoting the sector prior to GCSEs selection at primary school/early secondary school – e.g. Constructing Excellence adopt a school scheme) to ensure that young people have the right GCSEs (e.g. STEM) to progress in the sector and secure good jobs. MMC and the use of more digital technologies, including information modelling and the use of robotics and drones, will appeal to young workers looking for a modern career that uses cutting edge technology
* **Recruit and Retain: Trade Skills** – increase local take-up (greater diversity by attracting more females and ethnic minorities to the sector)/capacity to ensure that the supply of essential trade skills for the sector, including plumbing, electrical installation, bricklaying and carpentry e.g. CITB on-site construction bid (caveat this with the potential changes in construction methods which will likely mean that the skills for such occupations may need to change in the future e.g. bricklaying is considered to be at high risk of automation), meet both current demand and the anticipated future need from infrastructure and housing growth in the sector (caveated with the ongoing political uncertainty over Brexit, the economic slowdown and a potential economic downturn – issues regarding labour supply resulting from changes to immigration policy)
* **Specialist Skills Gaps** – create centres of excellence/regional networks of specialist, technical education and training to help address specialist skills gaps, e.g. architects, MMC, and drive productivity (i.e. Construction skills hub – specialist education and training through partnership between LAs, businesses and providers)
* **New Training/T Levels/Apprenticeships/Work Experience** – work with local businesses, providers and Government to ensure that there are the necessary local work experience opportunities and that new innovative training/apprenticeship programmes meet changing local needs and deliver skills which lead to good jobs
* **Apprenticeship Levy** – given the nature of the sector and the national target to increase apprenticeship starts to 25,000 a year by 2020 it is vital that levy funding reaches the SMEs who deliver the majority of construction apprenticeships, particularly in trades
* **Future Industry Needs: Upskilling/Reskilling** – work with sector bodies, local businesses and providers to understand changing skills requirements from developments in the sector including the use of new technologies and ways of working e.g. automation/prefabricated house building and ensuring that both new construction workers and the existing workforce have the skills to support such change
* **Quality of provision** – work with providers of construction skills to ensure that learning and training is fully evaluated and delivers the necessary quality and standards of workers required to meet demand and support sector growth
 |
| **What are the Outputs/Outcomes/Impacts?***(Sector-wide: Skills supply that meets demand / Sector growth in terms of businesses, jobs and GVA / Improved sectoral productivity)* |
| *Example: Develop construction skills to support current and future infrastructure development and housing growth in the SSLEP area…addressing existing skills gaps in the sector e.g. architects and ensuring that the skills system is future proofing the local construction workforce i.e. supply to match increasing demand and changing skills needs from business e.g. MMC / prefab offsite construction…leading to increased economic growth and productivity.* |