



European Construction Sector Observatory

Policy measure fact sheet

United Kingdom

Joint Investment Construction Skills & Employment Programme

Thematic objective 2

November 2015

Implementing body:	Construction Industry Training Board (CITB) & Local Enterprise Partnerships (LEPs)
Key features & Objectives:	Employer-led programme targeting business growth for construction SMEs, reskilling of unemployed construction workers, and greater uptake of the National Skills Academy for Construction's client-based approach.
Implementation date:	November 2013-December 2016 ¹
Targeted beneficiaries:	Local Construction Companies (SMEs), Construction Workers, The Unemployed, Construction Clients & Training Providers
Targeted sub-sectors:	Local Construction Sectors Skills Training Providers
Budget (EUR):	€14 Million (£10 Million)

In a nutshell

There is a growing skills shortage in most sectors of UK industry and business leaders believe that the shortage is hampering both UK productivity and the economic recovery. According to the UK Commission for Employment and Skills (UKCES) Survey 2015², the figures show so-called "skills shortage vacancies" now make up nearly a quarter of all job openings, rising 130% between 2011 (91,000) and 2015 (209,000)³. The consensus is that the UK is particularly lacking in workers proficient in STEM subjects – science, technology, engineering and maths. The Confederation of British Industry (CBI) has found that nearly 40% of firms looking for staff with STEM skills have had difficulties recruiting, and about half thought the situation was only going to get worse. The shortage is particularly acute in construction, which encompasses a wide range of disciplines from structural engineering to architecture, and bricklaying to surveying⁴.

According to a recent report published by KPMG and the London Chamber of Commerce and Industry (LCCI)⁵, approximately 20% more construction managers, surveyors, electricians and other trades are needed to meet demand between 2014 and 2017 than were needed between 2010 and 2013. In 2015, over 600,000 workers are needed on site to deliver major projects currently in planning, and a 51% increase in training provision is required to meet demand for skilled labour between 2014 and 2017 – and plug a gap of nearly 15,000 people. The report warns that the skills shortage will cause project delays and may have fundamental impacts in the long term. Businesses must be incentivised to train more workers to create a more sustainable workforce. The number of new entrants into the

sector must be increased and greater capacity within the training system is needed to deliver the skills demanded by the industry. Recommendations include: attracting more young people to work in the sector; informing parents and early stage students of construction careers, opportunities and outcomes; embedding skills and employment requirements into public procurement contracts to create a training culture as standard industry practice; maintaining a visible pipeline of construction projects to support decision-making; and devolved skills funding to help drive demand-led training provision.

To tackle the growing skills shortage, the Construction Industry Training Board (CITB) launched a €14 million (£10 million) joint investment construction skills and employment programme in November 2013⁶. The programme is a public-private partnership (PPP) that aims to provide an improved approach to funding for the delivery of construction skills and growth to nine core UK cities – London, Sheffield, Birmingham, Manchester, Bristol, Nottingham, Leeds, Liverpool and Newcastle. €7 million (£5 million) of CITB levy funding is being matched by equal funding from Local Government sources. To deliver this sector based approach to local skills needs, CITB is working closely with Local Enterprise Partnerships (LEP) and local authorities in each of the target cities to firstly secure investment and then work with employers to determine the best use of the funding for each locality. The nine city programmes were scheduled for launch in 2014; however problems with sourcing match funding and other delays (e.g. in procurement) have meant that only schemes in London, Nottingham, Birmingham and Leeds have actually been launched thus far, with start dates in 2015. In the absence of match funding, the other five cities are currently exploring other alternatives via CITB's Construction Skills Strategy⁷ without additional funding.

This PPP initiative fits within the context of the UK decentralisation policy and the City Deal scheme launched by the Coalition Government during the last Parliament. The policy aim was to empower local communities to do things their own way, increasing local control of public finance and strengthening accountability to local people. City Deals are a component of that policy and aim to unlock the full growth potential of UK cities.

General description

The joint investment initiative is an employer-led skills and employment programme facilitated by the Construction Industry Training Board (CITB), where every €1.4 (£1) invested by employers is matched by €1.4 (£1) from the local public sector. The programme targets three strategic themes:

1. Growth through Business;
2. Growth through People;
3. Growth through Local Enablers and Drivers.

The aim is to create growth by supporting local construction companies, currently unemployed construction workers and by working more closely with construction clients and training providers.

The programme puts construction employers at the heart of the ownership and leadership of their skills agenda at local levels ensuring it is reflected appropriately in local skills and training policy, funding and delivery in the short, medium and long term. Through co-design, co-funding and co-delivery, employers, local government and CITB are coming together to provide real skills solutions. A system for sharing best practice across the cities will be set up and there will also be an independent impact evaluation on each locality to inform future working. Four categories of construction training are targeted: 1) business growth for construction SMEs; 2) reskilling unemployed construction workers, for instance by training ex-plasterers in the skills needed for external wall rendering; 3) engagement with young persons that are “Not in Education, Employment or Training” (NEETs); and 4) getting more clients to use the National Skills Academy for Construction’s client based approach, which helps to set and achieve targets for skills, employment and apprenticeships.

The exact mix of projects to be developed in each of the 9 core UK city initiatives will reflect local needs and local decision-making by the city councils and Local Enterprise Partnerships (LEPs), but the projects will be delivered and managed by CITB⁸.

Expected or achieved results

According to the CITB Training Committee, which has been reviewing each core city proposal, there is no single model for the city schemes as they strongly reflect local needs. Local Authorities and LEPs require different approaches to push construction forward. Where there are existing initiatives and training offerings for example, cities are identifying gaps to focus on. Though no single model is applied, a system for sharing best practice across the cities will be set up and a full and independent impact evaluation will compare and contrast the approaches taken across all cities. Each city initiative will be evaluated as part of the UK wide Joint Initiative. An externally appointed Evaluator is expected to begin their field work in June 2016 with an indicative completion date of September 2016⁹.

By Q4 2015, only four out of nine core city initiatives have been launched – London, Nottingham, Birmingham and Leeds. According to CITB, the other five have been unable thus far to source the match funding they require via their respective Local Enterprise Partnerships (LEPs). London and Nottingham were the first two schemes to become operational. The **Greater London Joint Initiative**¹⁰ is the largest of the city schemes and was launched in February 2015. It is being delivered by CITB and the London Enterprise Panel with matched funding of €1.4 million (£1 million). Total funding is €2.8 million (£2 million).

The London construction sector needs to attract new skilled workers to meet increased demand – over 2,000 new jobs per annum¹¹ – and ensure that skills of the existing workforce are kept up to date. The Greater London Joint Initiative is funding the delivery of five key projects in 2015-2016 that address its core development objectives:

Objectives	Projects
Support 500 unemployed construction workers to return to work.	Skills2Construction ¹² (Re-engaging the unemployed construction workforce). Ixion Holdings and the Green Skills Partnership are delivering a package of support for unemployed construction

	workers to help individuals re-enter the industry and retain valuable skills in the sector.
Develop a shared work placement pilot for 100 people who are not currently in employment, education or training.	Routes into Construction ¹³ (Providing shared work placements for young people). The Construction Youth Trust and London Youth are working together to provide an insight into construction career options for young people in the Boroughs of Lambeth, Southwark, Wandsworth and Croydon.
Develop specialist business development interventions for 700 participants from small construction businesses.	Building for Growth ¹⁴ (Providing business training for construction SMEs). BE Group, Montpellier and Shared Intelligence are delivering short business training opportunities for construction SMEs as well as delivering a graduate placement scheme to help SMEs access new skills. BE Group cover South London, Montpellier cover North and East London and Shared Intelligence cover Central and West London.
Support London Boroughs interested in adopting the CITB’s National Skills Academy for Construction’s and Client Based Approach schemes.	Bespoke support for London Boroughs adopting the National Skills Academy for Construction Client-Based Approach ¹⁵ . Bouygues UK are offering bespoke support to help London Boroughs adopt the employer-led National Skills Academy for Construction (NSAFC) client-based approach for public procurement and planning.
Understanding the potential for researching the development of co-operatives between small construction businesses.	Exploring the potential for the development of SME Co-operatives. Emergent Research and Consulting ¹⁶ are exploring the potential for supporting construction productivity through the development of SME co-operatives.

Figure 1: Geographical reach of interventions delivered to date



In April 2015, the London Enterprise Panel received approval for a revised delivery timetable to enable the initiative to be delivered over three financial years rather than two. The initiative’s outputs, outcomes and expenditure remain as per original approval. The extension is needed because performance is behind schedule, as indicated by the latest KPIs¹⁷, mainly related to delays in procurement procedures, due to a number of legal and State Aid queries arising from the use of the Greater London Authority’s standard Grant Agreement¹⁸.

Project	Contract target	Actual (subject to confirmation)
Unemployed workers recruited/trained	700	92
Into education / training / employment (ETE)	150	37 placements / ETE outcomes 0
NEET ¹⁹ work placements	100	36 recruits / 2 placements
SMEs supported	700	134
Borough applications for	10	0

procurement support submitted		
Research commission	1	1

Developed with active input from local construction employers and stakeholders, the **Nottingham Joint Investment Project**²⁰ is supporting growth in the construction industry across Nottinghamshire and Derbyshire through a range of skills and employment interventions over an 18 month to 2 year period. The programme is specific to the needs of the locality and is supporting local construction businesses, local people looking to enter or get back into employment in the Industry and organisations to achieve realistic skills, employment and apprenticeships outcomes, through improved procurement, planning strategy, practices, skills levels and business performance.

Nottingham's project consists of three objective-driven activity lines:

1. **Growth through Business** is working to improve the capabilities and capacity of employers to respond to business opportunities by addressing management challenges, business survival and diversification. A full range of Fully Funded Courses is available to 300 employees of SME's in Nottinghamshire and Derbyshire including National Vocational Qualifications (NVQs). Courses include business improvement in construction, Certificate in Leadership and Management (C-ILM) accreditation in construction and management practice, site supervision, site management, and strategy-leadership and decision-making through the business cycle.
2. **Growth through People** is re-engaging currently unemployed people, with or without experience in the construction industry, in key localities across the Nottingham City region. Work experience is being provided which potentially leads directly to Traineeships, Apprenticeships or employment opportunities. Support activities include individual assessments, skills and employability training, work placements, traineeships and training allowances for young people aged 16-18, pre-employment training for new entrants over 19, job brokerage support, plus health and safety support²¹ and wage incentives²².
3. **Growth through Local Enablers and Drivers** provides bespoke support to help construction clients adopt the employer-led National Skills Academy for Construction (NSAFC) client-based approach²³ for public procurement and planning. The NSAFC is a project-based training concept that is tailored to helping clients and contractors get the right skills on site. Supporting the adoption of the Client-Based Approach will help increase the uptake of Apprenticeships, employment and skills.

Perspectives and lessons learned

From a **local government / training board perspective**, the Joint Initiative on Skills and Employment is the first of its kind in the UK. It has been well received and has generated a lot of interest; however there are also some important challenges. The Head of Local Sector Strategy at CITB says that all nine core UK cities are highly enthusiastic, optimistic and keen to engage in the programme. However, the sourcing of match funding has so far proved to be the biggest hurdle for local governments. Numerous funding instruments are available to local government²⁴, though accessing them and meeting their criteria can prove difficult. CITB argues that there will always be challenges in breaking new ground and moving to new ways of working, but that it is encouraging that local government is being enabled to respond to this initiative as they wish, and are eager to do so. Working with existing systems and funding schemes can be challenging and frustrating for all involved²⁵. Currently, only four city schemes have

successfully sourced match funding from their LEP. The other five have not managed to do so thus far, and are now looking at other alternatives offered by CITB's Construction Skills Strategy²⁶ without additional funding.

From a **construction industry perspective**, local businesses are welcoming the range of events and courses that are being offered in cities like London and Nottingham where schemes are operational. An example is Nottingham Maintenance Ltd. Founded in 2008, it employs ten people and is looking to recruit new personnel. It was one of the first to take part in an employer training course provided by the Nottingham scheme. According to the owner, "the CITB Business Improvement in Construction course was a real eye opener". The owner found that the course challenged his way of thinking and his business approach and gave him cause to re-think his business. He intends to implement some of the lessons learned from the course to improve his business. He also notes that the course gave him the valuable opportunity to network with other forward-thinking local construction companies²⁷.

Endnotes

- ¹ Implementation periods are typically 2015-2016, though each city initiative is unique with its own timeline. Difficulties with sourcing match funding has also delayed the implementation of some city initiatives, meaning that some have yet to be implemented until match funding can be sourced – in the meantime, they are exploring
- ² <https://www.gov.uk/government/collections/ukces-employer-skills-survey-2015>
<https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report>
- ³ <https://www.gov.uk/government/news/employers-facing-talent-poverty-as-skills-shortages-rise-130-in-four-years>
- ⁴ <http://www.bbc.co.uk/news/business-30224320>
- ⁵ <http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Market%20Sector/Building%20and%20Construction/skills-to-build-report.pdf>
<http://www.londonchamber.co.uk/DocImages/12960.pdf>
- ⁶ <http://www.construction-manager.co.uk/news/citb-and-leps-team-deliver-10m-training-fund/>
- ⁷ https://www.citb.co.uk/documents/about-us/how%20we%20are%20run/strategicplan2012-2016_tcm17-31662.pdf
<https://www.citb.co.uk/documents/about-us/how-we-work/constructionskills-strategy-2012-2017.pdf>
- ⁸ The CITB Board is accountable to the Secretary of State, the Charity Commission and CITB's beneficiaries.
<http://www.citb.co.uk/about-us/how-were-run/>
<http://www.citb.co.uk/about-us/how-were-run/our-board-committees/>
- ⁹ <https://www.london.gov.uk/moderngov/documents/s45963/14%20CITB.pdf>
- ¹⁰ <http://www.citb.co.uk/local-information/london/greater-london-joint-initiative/>
- ¹¹ <http://www.citb.co.uk/documents/research/csn%20reports%202015-2019/construction-skills-network-uk-2015-2019.pdf>
- ¹² <http://www.skillsportal.co.uk/index.php/skills-2-construction>
<http://www.ixionholdings.com/news/article/ixion-launches-skills4construction-to-help-the-unemployed-in-construction>
- ¹³ <http://www.constructionyouth.org.uk/budding-builders/routes>
<http://www.londonyouth.org.uk/inspiring-young-people/build-it/routes-construction>
- ¹⁴ <http://buildingforgrowth.com/>
<http://www.mic.eu.com/greater-london-joint-initiative.aspx>
<http://london.mic.eu.com/registration/step-1.aspx>
<http://www.buildingforgrowthsouthlondon.co.uk/>
- ¹⁵ <http://www.cskills.org/nsacademy/clientledapproach/index.aspx>
- ¹⁶ <http://www.emergentresearch.co.uk/>
- ¹⁷ <https://www.london.gov.uk/moderngov/documents/s49674/06%20Implementation%20Plan%20Update.pdf>
- ¹⁸ <https://www.london.gov.uk/moderngov/documents/s45963/14%20CITB.pdf>
- ¹⁹ NEET = Not in Education, Employment or Training
- ²⁰ <http://www.nottinghamjobs.com/employers/Joint-Investment-Strategy>
- ²¹ Essential construction related health and safety requirements including CSCS card and personal protection equipment.
- ²² A wage incentive of €3,500 (£2,500) is available through the programme for construction businesses that employ an unemployed Nottingham City resident.
- ²³ <http://www.cskills.org/nsacademy/clientledapproach/index.aspx>
- ²⁴ There were 124 funding schemes for local growth and regeneration across 20 Government departments and agencies, amounting to over £22 billion in 2013/14. About half of these required local authorities, businesses and charities to bid for money.
http://www.local.gov.uk/media-releases/-/journal_content/56/10180/6329420/NEWS
<http://www.local.gov.uk/documents/10180/11527/Fragmented+funding+report.pdf/093d08d2-e425-4b1c-81f6-e01e80f94746>
- ²⁵ <http://www.adjacentgovernment.co.uk/lg-edition-002/local-skills-fit-for-purpose-2/5714/>
- ²⁶ https://www.citb.co.uk/documents/about-us/how%20we%20are%20run/strategicplan2012-2016_tcm17-31662.pdf
<https://www.citb.co.uk/documents/about-us/how-we-work/constructionskills-strategy-2012-2017.pdf>
- ²⁷ <http://www.d2n2growthhub.co.uk/news/384/1million-project-to-support-nottinghams-construction-industry-workers-now-underway>