

## Sector Summary Report – Construction & the Built Environment

### Sector Definition

Construction and the Built Environment sector encompasses Asset Skills, Construction Skills, EU Skills and Summit Skills footprints. Qualifications in this sector relate to the following occupational areas:

- **Asset Skills** – Cleaning, Facilities Management, Housing and Property;
- **Construction Skills** - House-building (public and private), Infrastructure (construction of roads, railways and utilities), Non-residential building in the private sector (schools and colleges, hospitals, offices), Industrial building by the private sector (factories, warehouses), Commercial building by the public sector.
- **EUSkills** – Electricity, Gas (All gas related qualifications), Waste management, Water industries;
- **SummitSkills** - Building services engineering sector including: Air conditioning and refrigeration, Electro-technical, Heating and ventilation, Plumbing.

### Overview

Nationally the Construction and Built Environment sector contributes to 8.2% GVA. The North East has approximately 8,600 businesses employing 107,800 (10.7% of the total NE workforce of 1,008,100). This figure excludes sole traders.

66% of firms employ between 2 and 80 employees and only 1 % of firms employ in excess of 80 people. Approximately 33% of firms are sole traders.

INDICATOR	Energy & Utility Skills	Construction Skills	SummitSkills	Asset Skills
	Electricity, gas, waste management, water	Construction	Building services engineering	Property, housing, cleaning, facilities management
<b>EMPLOYERS</b>				
Number of establishments	500	4,500	1,000	2,600
Share of all establishments	0.9%	8.0%	1.8%	4.7%
<b>EMPLOYMENT</b>				
Number of employee jobs	13,100	54,100	10,900	29,700
Share of all employee jobs	1.3%	5.4%	1.1%	2.9%
<b>QUALIFICATION LEVELS (INDICATIVE)</b>				
Employees whose highest qualifications are at:	Level 4 and above	57.3%		27.2%
	Level 3 and above	12.7%		10.6%
	Level 2 and above	16.5%		24.6%
	Below Level 2	8.5%		23.8%
	No qualifications	4.9%		13.8%
Proportion of employees without qualifications at Level 2	22.8%	13.4%		37.6%

PROJECTED EMPLOYMENT CHANGE					
Projected employment change 2007-2017		0.4%	5.0%	5.0%	40.2%
Net recruitment demand 2007-2017	Higher level occupations	1,400	7,300	1,700	9,600
	Intermediate level occupations	900	4,000	600	15,600
	Craft level occupations	0	15,200	4,400	1,000
	Lower level occupations	1,400	3,500	800	4,400
	All occupations	3,600	29,900	7,500	30,500

(Sector Skills Needs in the NE: Summary Matrix (modified 13 October 2008))

### Future Skills Key Demand side issues for 2009/10

From research conducted by the SSC's for each of the Sector Skills Agreements (SSA), the following key issues were identified:

#### AssetSkills

[http://www.assetskills.org/Research/SectorSkillsAgreement/SSA\\_Phase3.asp](http://www.assetskills.org/Research/SectorSkillsAgreement/SSA_Phase3.asp)

At this stage Asset Skills has not attached any particular priority to the actions within each industry - Cleaning, Facilities Management, Housing and Property. However, Asset Skills has placed a higher level of priority on the need to target skill development activities within the Cleaning and Facilities Management industries.

#### ConstructionSkills <http://www.constructionskillsni.org.uk/SSA.aspx> 1)

**Improving Business Performance** – increasing SME's investing in training by 300% by 2010; 2) **Qualifying the Existing Workforce** – over ¼ million to Vocational Qualification Level 2 by 2010; 3) **Recruiting Qualified New Entrants** – almost ½ million by 2010; 4) **Infrastructure** in support of these Priorities (Improving Intelligence ; developing qualifications and progression routes).

#### EUSkills <http://www.euskills.co.uk/download.php?id=549> 1) **Government Policy**

– essentially, influencing government policy on skills issues. 2) **Regulation** – recognition by the economic regulators of the need for strategic investment in skills; 3) **Competence** – e.g. competency frameworks, management and leadership.; 4) **Skills Provision** – ranging from Basic/ Essential Skills to workforce development via Higher Education Institutions; 5) **Sector Recruitment and Attractiveness** – e.g. schools, diversity

#### SummitSkills <http://www.horizon-ssa.org.uk/In-your-area/296> 1)

**Professional Image & Competence** - A positive image of the sector is promoted to attract and develop a skilled and sustainable workforce; 2) **Communication & Information** - A one-stop knowledge centre for all building services engineering skills development needs; 3) **Training Provision** - Pro-active, timely high quality training provision that meets the sector's fast changing priorities 4) **Funding** Flexible funding to support the skills needed to develop business and workforce; 5) **Management & Leadership** - Ensuring the sector has the skills it needs to plan and develop profitable and competitive businesses.

## **Sector Qualification Strategies (SQS) and Vocational Qualification Reform (VQR)**

All Sector Skills Councils have recently completed their SQS and Action Plans. Through this process a variety of new and updated qualifications will emerge that are more closely aligned to the needs of employers. It is anticipated that there will be a need for providers to develop capacity and up skill their workforce to deliver new qualifications. The following is a link to the sector qualification strategy:

<http://www.assetskills.org/QualificationsAndStandards/Apprenticeships/SectorQualificationsStrategy.asp>

<http://www.constructionskills.net/strategicinitiatives/constructionqualificationstrategy/>

<http://www.euskills.co.uk/gas/index.php?pageID=95>

<http://www.summitskills.org.uk/1>

## **Compacts**

A sector compact is a non-contractual agreement between the Department for Innovation Universities and Skills, the Learning and Skills Council and a Sector Skills Council to work collaboratively to drive up demand for skills across England through Train to Gain.

ConstructionSkills Compact was announced June 2008 and AssetSkills Compact was announced in October 2008. The LSC is currently working with both organisations to develop the Compacts. The LSC will be working with EUSkills and SummitSkills to develop their compact in 2009/10. It is anticipated that the flexibilities within the compact will facilitate growth in provision.

## **Economic Developments**

The current economic climate is affecting the Construction Industry. Over recent weeks many national and regional house builders, for example Barratt, Bovis, Keir, Persimmon announced redundancies. It is estimated that over the next 2 years in excess of 35,000 jobs could be lost.

The 2 predominant areas affected by the economic downturn, 1) House Building and 2) Commercial Building, however make up only 15% of the total work in the region. Planned infrastructure projects for example Tyne Tunnel 2, Non residential buildings in the private sector including Building Schools for the Future, Building Colleges for the Future together with major regeneration projects throughout the region will result in a slightly better than UK average (0.75) construction output growth 2009 -2013.

## **Analysis of provision - Train to Gain**

Following a thorough analysis of provision, **AssetSkills** qualifications in Cleaning and Support Services are healthy in volume and in geographical availability. Starts are heavily concentrated within the footprint of **ConstructionSkills** - the mix of provision seems to be appropriate to the Sector. There are high numbers of Starts in Plant Operations which has been identified as a priority through L2 Action Planning. **EUSkills** have identified a demand for an increase in Train to Gain activity for Water, Gas and Power

Network (overhead lines) qualifications. This is due to long term contracts being awarded to Utility Companies for the renewal of the networks.

**SummitSkills** – the volume of Starts are small and do not appear to reflect the Level 2 qualification requirements of SNAP (SummitSkills National Assessment Programme) – see below for further information.

Consideration should be made to the additional Train to Gain level 2 and 3 qualifications lists.

### **Analysis of Provision - WBL Apprenticeships**

Nationally and regionally, the SSC's have indicated that there is a need to increase the uptake of apprenticeships in the sector.

**AssetSkills** - There is a small and limited range of apprenticeship frameworks in Cleaning, Housing and Property. Currently there are no frameworks in Facilities Management. The importance of Apprenticeship programmes is clearly articulated in the priorities of AssetSkills SQS. AssetSkills accept that the current suite of Apprenticeship Frameworks is restrictive to the sector, having particular impact on the age profile of the industry, skills gaps and vacancies. AssetSkills are currently updating frameworks in:

- Cleaning
- Surveying
- Spatial Data and
- Housing

New Apprenticeships will be developed in Facilities Management and Town Planning.

**ConstructionSkills** - having carried out an in-depth supply-side analysis of ConstructionSkills provision against sector demand intelligence it is evident that there is scope for growth in Apprenticeships, particularly where there appears to be gaps in provision. Occupational gaps include:

- Civil Engineering
- Fitted Interiors
- Glazing
- Highways
- Interior Systems
- Plant
- Roofing

**EUSkills** - the current volume of Apprenticeship provision within the EUSkills sector is under developed in the North East. There is scope for growth in 4 sub sectors of Electricity, Waste, Water and Gas particularly Gas Network Operations (GNO).

**SummitSkills** - Taking into account the priorities contained in the SSA and regional Action Plan we can make some assumptions including insufficient provision in:

- Refrigeration and Air Conditioning at level 2 and Level 3;
- Electrotechnical at Level 2 and Level 3.

SNAP (SummitSkills National Assessment Programme) will provide opportunities for Experienced Workers (who do not possess any formal qualifications) to obtain an Engineering Services SKILLcard by working

towards an S/NVQ (where the majority of the evidence can be provided via Accreditation of Prior Learning).

The SNAP initiative includes the following qualifications:

- Heating & Ventilating Domestic Installation – S/NVQ L2 & L3;
- Heating & Ventilating Industrial/Commercial Installation – S/NVQ L2 & L3;
- Heating & Ventilating Ductwork Installation – S/NVQ L2 & L3;
- Heating & Ventilating Service & Maintenance – S/NVQ L2 & L3;
- Refrigeration & Air Conditioning – S/NVQ L2 & L3

### **Focus Recommendations for 09/10**

A key focus for 2009/2010 will be to provide support the sector during the economic downturn. In particular:

Work closely with **AssetSkills** regional representative and Apprenticeship manager on the development of the SQS, Apprenticeship frameworks and Sector Compact, with particular focus on the development of i) the NE Regional Cleaning Forum; ii) the Housing curriculum offer.

Support the introduction of the Level 2 in Local Environmental Services, where accredited by QCA, supported by LSC Partnership Advisers Train to Gain specifically working with the public sector.

With an established Cleaning Forum in the region AssetSkills plan to prioritise Housing for 2009. The housing sector is undergoing rapid changes as a result of new social policy and a growing number of people needing homes. It is estimated the housing sector will generate 46,000 new jobs nationally and will need to replace 30-40% of its existing staff over the next decade. Quality recruitment is therefore the biggest issue.

Work with the **ConstructionSkills** Network (CSN) to develop a robust methodology for aligning occupational annual requirements to Apprenticeship Frameworks, thus providing the ability to review LSC funded provision against the sectors requirements.

Work closely with ConstructionSkills regional strategic adviser on the development of the SQS, Apprenticeship frameworks, Sector Compact and the National Skills Academy for Construction.

Work on **EUSkills** priorities contained with the SSA Stage 5 North East Action Plan - Skills Provision: Review Adequacy of Capacity. Develop solutions to deliver the skills priorities for the sector; the development of the SQS and priority qualifications, focusing particularly on Apprenticeship frameworks. Work with EUSkills regional director, its employer network and the regional provider network to offer qualifications contained with the SQS.