SUBMISSION FROM CONSTRUCTION INDUSTRY TRAINING BOARD (CITB)

Introduction

CITB works with industry to encourage training, which helps build a safe, professional and fully qualified workforce. The support and funding we provide allows companies to improve skills, increase their competitiveness and respond to challenges such as the low carbon agenda, reducing costs on site and recruiting the best talent for their sector.

CITB provides practical support during the apprenticeship process, including:

- arranging training for apprentices with a local college or the nearest training provider
- paying all college or training provider examination fees

We welcome this opportunity to outline our work to the Committee. Given our remit, the following comments will be limited to the construction sector solely.

Executive Summary

- A career in construction continues to be positive destination for employment.
- The quality of a job in construction is largely dependent on the quality of training and guidance provided to an employee.
- The construction industry in Scotland was badly affected by the economic downturn in 2008, and employment levels continue to be lower.
- However, there is increased demand for apprentices due to the emerging skills gap.
- While there is evidence that wage growth has slowed since 2008, average earnings in construction in Scotland continue to be 9% higher than the overall average.
- Given the nature of work in the construction industry, health and safety training is paramount to ensuring that a worksite minimises risk wherever possible.
- CITB supports the objectives of the Wood Commission and the Developing Scotland’s Workforce strategy, and believes that mapping of career destination choices following a Modern Apprenticeship will help to better shape the training that is available.

What makes a job ‘good’ or ‘bad’?

A career in construction can provide an employee with some of the following benefits;

- Learning a practical skill set.
• Opportunity to learn on the job, with a massive range of training available at all levels.

• A varied career path which may well change as the employee begins to specialise in a trade.

• Potential to work across the world.

• More than a third of people working in the construction industry are self-employed.

CITB believes that the quality of a job in construction is dependent on the level of training that an employee receives as part of their initial apprenticeship.

Since its establishment in 1964, CITB has worked to ensure that the construction industry has a high quality workforce which meets industry needs. Over the last fifty years we have helped to train more than half a million apprentices across the UK, and injected more than £2.3bn in grants into industry to support training.

There are over 150 occupations which fall under the category of ‘construction’ and these can encompass building skills, through to the design or management of large scale projects. The variety of skills required by the modern construction industry means there is a wide range of career opportunities available. Generally, the nature of the sector means that there is also a greater emphasis on technical and physical work than what is required in other areas of the jobs market.

The training and guidance from CITB can help to ensure that the risk is minimised as far as possible, giving both the employer and employee greater confidence when working on site.

**Have jobs become better or worse since 2008?**

**Employment Levels**

It is generally accepted that the construction sector is more susceptible to fluctuations in the economy than many other sectors. Following the economic downturn in 2008, construction in Scotland suffered a sharp decline in employment levels. Even in 2014, the last full year recorded, there continued to be approximately 60,000 fewer places in the industry than when compared to 2008.\(^1\) Looking at the impact on youth employment, in 2008 13.4% of the sector workforce in Scotland was aged 16-24, whereas in 2014 it was 8.4%.\(^2\)

The impact of this downturn on training resulted in some apprentices being made unemployed due to an employer no longer being able to support them, or that a business was no longer able to continue to operate. CITB Scotland, through its local networks, was able to successfully restart some 80% of these apprenticeship placements during the downturn.

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\(^1\) [Local Area Labour Markets in Scotland: Statistics from the Annual Population Survey publication](http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Local-Authority-Tables) (Table 1.18)

\(^2\) [Labour Force Survey: CITB analysis Age Status Region tables](http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Local-Authority-Tables)
While there are indications that the construction sector in Scotland is experiencing signs of growth it continues to be a delicate recovery.

This has been reflected in an increase in Modern Apprenticeships in construction in the last year, with CITB recruiting 1,417 new starters and re-starting a further 246 people, a four year high.\(^3\) Since 2011, uptake in construction apprenticeships has grown by 21%.

A high proportion of construction new entrants are in the 16-24 year bracket (93%) which demonstrates construction’s impact on youth employment.

Indeed, construction continues to make a positive contribution to apprenticeships in Scotland, accounting for 12% of all starts in 2014/15 and 16% of the total number in training.

Construction Skills Network

Our annual Construction Skills Network (CSN) report is published at the start of each year and provides market intelligence and insight for the Scottish construction industry. The data it produces highlights trends and how the industry will change year-on-year, allowing businesses to understand the current climate and plan ahead for the future.

Our findings for the period 2015 – 2019 show the following\(^4\);

- Our report predicts that Scotland will see annual average output growth of 1.1% over the 2015 to 2019 period. It follows a strong 2014 for Scottish construction, during which output grew by an estimated 7% in real terms, a second consecutive year of expansion.

- Output growth over the next five years is expected to be strongest in the private housing sector at an average annual rate of 5.4%, but this comes on the back of eight consecutive years of decline between 2005 and 2013.

Future Workforce Requirements

For the UK as a whole, our forecasts show that more than 400,000 skilled workers will hit retirement age in the next decade. This skills gap, if it isn’t tackled, could have a severe impact on the ability of the construction sector to deliver pipeline work.\(^5\)

CITB has recently published the 2015 Workforce Mobility and Skills report which details the qualifications levels in the Scottish construction sector, as well as the extent of occupational and geographic mobility.\(^6\)

Some key figures from that report are;

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\(^1\) CITB Annual Report and Accounts 2014 – 2015

\(^2\) Construction Skills Network Scotland, 2015 – 2019

\(^3\) Building Partnerships, CITB Strategic Plan 2015 – 2017

\(^4\) CITB Workforce Mobility and Skills in the UK Construction Sector 2015: Scotland Report
• 74% of construction workers in Scotland have only ever worked within the construction industry, slightly higher than the UK average (70%).

• 60% have worked in the sector for more than 10 years

• 37% of all construction workers in Scotland have worked in the industry for at least 20 years which compares with the UK figure of 31%.

• And 57% of construction workers in Scotland have worked pretty much continuously, without spells out of work, which is similar to that reported across the UK (55%)

• The majority of construction workers in Scotland (89%) have remained in Scotland for all or most of their career, compared with an average of 80% across other areas of the UK.

Work on the Scotland CSN report for 2016 – 2020 is ongoing but early indications suggest that although the forecast for output growth levels will be lower, there will still be an annual workforce requirement of 4,430 people over the next five years. This figure does not include the recruitment via apprenticeships.

Given the industry needs, CITB will be undertaking campaigns to attract former workers back into construction, as well as selling the industry as a viable career option to young people from all backgrounds.

**Wages**

Construction creates jobs, three times more than financial services businesses\(^7\), and is relatively well paid, with construction wage rates negotiated above minimum wage rates.

Average earnings for construction workers in Scotland in 2008 were 12.5% above the average for all industries and services. Although still higher in 2014, the gap has reduced to 9% as earnings haven’t grown at the same pace.\(^8\)

**Median gross annual earnings (£)**

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<thead>
<tr>
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<th>2008</th>
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<th>2012</th>
<th>2013</th>
<th>2014p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>24,879</td>
<td>26,400</td>
<td>25,503</td>
<td>25,460</td>
<td>25,979</td>
<td>26,179</td>
<td>27,118</td>
</tr>
<tr>
<td>Scotland Average</td>
<td>22,114</td>
<td>23,389</td>
<td>22,461</td>
<td>22,502</td>
<td>23,266</td>
<td>23,982</td>
<td>24,975</td>
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Source: 2008/2015 figures in ASHE (Annual Survey of Hours and Earnings)

**What effect might low quality/low pay jobs have on the economy?**

Construction is a major contributor to the UK economy, employing 2.1m people in its supply chain and contributing 8% to GDP. It is a powerful driver of growth, delivering £2.84 to the economy for every £1 invested.

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\(^7\) Source: LEK Consulting: Construction in the UK Economy, The Benefits of Investment, May 2012 Update

CITB believes that a highly skilled, qualified workforce is vital not only to the construction industry, but also to support the wider economy.

Without proper training, companies run the risk of having employees who undertake poor quality work, and the subsequent reputational damage to both themselves, and the wider industry.

Employees want to be trained to a high standard, to ensure that they are confident about working safely on site, and have the ability to demonstrate their skills to employers via the training which they have completed.

**Health impacts**

According to the ‘Health and safety in construction in Great Britain, 2014’ report by HSE, Construction accounted for about 5% of the employees in Britain, but for 31% of fatal injuries, 10% of reported major/specified injuries and 6% of over-7-day injuries to employees. These figures demonstrate the importance of appropriate health and safety training in construction.

CITB helps employers to be assured of the qualifications of potential employees coming on site via the Construction Skills Certification Scheme (CSCS) card. This card tracks a construction workers qualification, and whether they have passed appropriate health and safety courses.

A database is maintained, tracking the qualifications and training achieved or being undertaken by people in the industry. Most principal contractors and major house builders now require construction workers on their sites to hold a valid CSCS card. The Scheme’s application processing and contact centre is delivered under contract by CITB.

CITB also works with industry to deliver training and guidance on health and safety legislation, to help businesses understand their duties towards employees. Training can help employers and those with day to day operational responsibilities for health and safety consider the following;

- Identify risks to health at work
- Manage sickness absence and implement a return to work programme
- Prevent and manage work related stress
- Promote workplace health
- Understand disability discrimination and protect health at work
- Deal with mental health at work
- Work effectively with health professionals

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Businesses that do not undertake some form of training, or ensure that their workforce has the skills and knowledge to undertake the work, risk putting themselves, their employees and often the wider public, in unnecessary danger.

**What can the Scottish Government and public policy makers do to improve job quality in Scotland?**

With growing demands in IT, and new workers required to meet the rise in elderly care, there will be increasing competition for the next generation of Scotland’s workforce. CITB believes that the construction industry can offer a challenging, but ultimately satisfying career path for young people.

We support the Modern Apprenticeship programme and believe it has a key role to play to ensure that Scotland has a highly skilled workforce prepared to meet future construction needs.

We also support the objectives of the Wood Commission and the Developing Scotland’s Workforce strategy, and want to see young people have the option to take a vocational course in secondary school, ensuring the parity of academic and vocational routes and reviewing careers provision to source the best talent for employers.

CITB would support the gathering of data on destinations following an apprentice completing a Modern Apprenticeship, to ensure that the training on offer continues to meet employers’ skills need (evidence based demand) and help them into sustainable employment.

**Equality**

CITB believes that students from across Scotland should be given access to apprenticeships and training, irrespective of their background, and we will continue to work closely with colleges, local authorities, Skills Development Scotland and other partners to deliver this on the ground.

Current work includes Onsite, a project that CITB has been working in conjunction with EQUATE Scotland, which has created a work experience scheme to help employers attract and retain female employees in the industry. Employers say they would like more women apprentices, and believe they bring valuable skills to construction. Apprentices say that work experience helps them decide on a career in construction, but women get few opportunities for this. Onsite provides a work experience scheme for trainees with 4 weeks working on site, supported with induction training and followed by with career development. Financial support is provided to help cover costs.

CITB is working to change industry from the inside with its Be Fair Framework. Be Fair Framework is a route to improving employment practices, increasing workforce engagement, improving recruitment practices, and addressing retention of the workforce, leading to improvements in the industry culture and therefore image. The Framework not only recognises the need to help minority groups within the industry, but also recognises that until the majority of the industry’s workforce (87% male) feel they are being fairly treated, it will be difficult to provide support and resources for
atypical workers. The Be Fair Framework is an accredited scheme for construction employers, providing a structure to address Fairness, Inclusion and Respect (FIR).

Phil Ford, Strategic Partnerships Director (Scotland)

CITB

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