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ConstructionSkills Open Meeting
Sir Michael Latham Introductory Speech
17 April 2007

Good afternoon, ladies and gentlemen, and welcome to the 2007 ConstructionSkills Open Meeting. It's good to see so many of the key people in the industry here, be they employers, government representatives, education and training providers, Federations or professional institutions.

I'd particularly like to welcome the Rt Hon Nick Raynsford MP, Chairman of the Construction Industry Council and James Wates, the Deputy Chairman of Wates Construction Limited, the Chairman of the Strategic Forum for Construction, and the Construction Confederation. As indicated in the agenda, Mr Raynsford is here to kindly share his thoughts on the Professional Services' view of skills in the construction industry, and Mr Wates to discuss the challenges of 2007 and beyond – both of which should be fascinating topics for discussion.

We will then open up for a discussion session, which I hope will answer any questions you might have about ConstructionSkills and our work with the industry to date and going forward. Questions will be answered by today's speakers and also from the floor by Sean Campbell, CITB Northern Ireland, Peter Lobban, ConstructionSkills, Graham Watts, CIC, Allan McMullen, CITB Northern Ireland, Mark Way, CIC, and William McMullan, CITB Northern Ireland.

However, I'd first like to take the opportunity to speak to you about ConstructionSkills' performance in 2006, and our plans for 2007. For me, this open meeting is a particularly exciting one, as 2006 has been a very successful year.

As some of you may know, the development of, and outputs from, the Construction Skills Network are unrivalled by any other Sector Skills Council producing labour market intelligence and forecasting data. The launch of the National Skills Academy for Construction at last provides a robust framework and funding mechanism for project based construction training – something sought by employers for many years. And collaboration and consultation with employers has enabled the development of a Sector Qualification Strategy heralded by the SSDA as their 'exemplar' for such activity.

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Key to all of these achievements has been the ongoing development of our role as a Sector Skills Council, and our robust Sector Skills Agreement system, which have continued to be a key tool in helping to create a fully skilled and professional UK construction industry, working safely and delivering value.

I'm pleased there are now construction Sector Skills Agreements in place in England, Scotland, Wales and Northern Ireland. They fundamentally change the way skills are demanded, developed and delivered for the industry. They put employers firmly in the driving seat, but need to be Government backed and supported by education and training providers, if the full range of benefits are going to be achieved.

Delivering the Sector Skills Agreement has demanded a significant increase in employer commitment to training and skills throughout the supply chain. But it has also offered a range of new opportunities to all parts of the industry, on all types of construction project, in all types of occupation, and across the whole of the UK.

It is these opportunities and how we've responded to them that I want to focus on today.

I'm pleased to announce that in 2006 we have made great strides against our four key business areas defined by the Sector Skills Agreement. They are:

- Improving Business Performance, by helping the construction industry develop better business skills to improve its record in areas such as health and safety, quality defects and cost over-runs
- Improving the skills of the existing workforce, by increasing the use of 'licences to operate', to prove construction workers have the skills required;
- Increasing the quality and quantity of new recruits, to help the construction industry find the half a million new entrants it needs by 2011, and draw from the widest possible pool of talent; and
- providing the infrastructure to support these priorities by working with training providers, funders, government and employers

I'd now like to take a few minutes to talk you through our achievements in each of these areas.

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Firstly, improving business performance. In order to make any progress in this area, increasing employer investment in training has been vital – and is now even more important in light of the recent Leitch Review of Skills. The focus of ConstructionSkills in 2006 has been very much about making the business case for, and facilitating, training.

Through our local Company Development Teams and Regional Advisers, we have provided tailored advice direct to employers on their specific training needs and on the courses and support available to meet them. That has been a great success. In 2006 alone, over 4,000 construction employers worked with us to undertake a Training and Developing Plan or to achieve Investor in People status.

However, improving business performance is not just about whole company training. Developing better managers will be key to creating better businesses; and we have therefore made a pot of £1.9m of funding available through a Management and Supervisory Development Programme to enable this.

Almost 240 projects have benefited from this funding so far. One of these initiatives has been the funding of Manchester Business School's MBA for Construction Executives, developed in conjunction with ConstructionSkills. Some 35 people are currently taking part in the programme, and another 16 registered in January 2007 alone.

ConstructionSkills is also supporting lifelong learning at the professional level by increasing the availability of interdisciplinary Continuous Personal Development, working with Strathclyde University and Caledonian University to deliver these activities.

Professional services employer panels have also been launched in 2006 in the North West and London, and which are currently being rolled out to the South East and Wales.

One aspect of improving business performance is ensuring that the construction industry is always at the cutting edge of new developments – and 2006 was the year where sustainability really came to the fore. Within the next ten years, ConstructionSkills wants sustainable construction to be the norm, and we are

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working with the industry to develop the skills it needs to meet this challenge. That has been a key part of our last year's work.

Next, what have we achieved in the past year to help improve the skills of the existing workforce? In many ways, 2006 was a milestone year for us in this area, with the one millionth Health and Safety Test being passed – a fantastic achievement for ensuring levels of health and safety awareness across the industry.

The ConstructionSkills Health and Safety Test has grown since 2000 to now be taken by 300,000 people every year, and be available at more than 150 locations around the UK, or on site via mobile and internet testing. It's a vital component of the CSCS card, and other competency schemes, which also received a boost in 2006 with the launch of SkillsDirect – a minimum fuss service designed to make the process of becoming qualified and carded faster and hassle free. The ConstructionSkills service delivered almost 21,000 competency cards, supporting the work of the Major Contractors Group in enforcing full compliance on site.

The other key aspect of competency cards and 'licence to operate' agreements is the qualification. ConstructionSkills has continued to make strong progress in helping experienced workers get the qualifications that prove they can do the job. In 2006, more than 32,000 VQs were gained by experienced workers through On Site Assessment and Training, a qualification route that involved workplace assessments to avoid having to take time off to go to college.

The Experienced Worker Practical Assessment was also launched in 2006 as another fast route to qualification, this time open to workers with a minimum of five year's experience who don't need further training. Available through the Awarding Body for Construction, which consists of ConstructionSkills and City & Guilds, it involves spending one day having skills and knowledge assessed off-site. All the skills needed to pass the NVQ are included in one task – which can even be assessed at the weekend.

However, one of our greatest achievements in 2006 was the launch of National Skills Academy for Construction in November, attended by both the Secretary of State, Alan Johnson MP, and the Skills Minister, Phil Hope MP. A truly employer-led, site based approach to training every level and occupation involved in a project, the

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National Skills Academy is a network of training centres on major construction sites around the country. By responding to the specific skills needs of those sites, it seeks to help overcome the challenge of training a mobile workforce in a fragmented industry, supporting both the current and future workforce.

As the programme rolls out, we envisage that more than 30 National Skills Academy sites, at projects worth a total of more than £30billion, will be established by 2010 in all nine English regions, Wales, Scotland and Northern Ireland. These sites will have a major impact on the industry, as they are expected to create at least 10,000 local jobs via apprenticeships and see 100,000 experienced workers gain NVQ Levels 2 or 3. We have even developed an Olympics strategy to ensure National Skills Academies are present on every Olympic site.

We've also been able to address specialist training and skills needs during the year with the expansion of the National Specialist Accreditation Centre to train and qualify specialists, and the launch of the Heritage Skills Training Academy, a joint initiative with English Heritage.

The third, and perhaps most pressing issue, is the need to increase the quality and quantity of new recruits into the industry. Once again, this has been a major ConstructionSkills focus at all levels.

ConstructionSkills Apprenticeships, the new name for Managing Agency, now offers apprenticeships and advanced apprenticeships in 25 different trades for around 16,500 16-25 year olds in England. Creating a specific ConstructionSkills Apprenticeships Directorate in 2006 brought clear focus on improved framework achievements – key targets in the delivery of a £40million Learning and Skills Council contract. Indeed, 2006 was a very successful year, with 45,000 applications for construction apprenticeships received, and apprenticeship framework completions rising from 55% to 67.6%.

However, with thousands of apprentices not finding places every year, and the industry desperately needing new recruits, we also used 2006 to innovate and look at new ways to help people into the industry. Our new Programme Led Apprenticeships initiative has been designed to give students on full-time FE courses access to on-site practice, in order to ensure they gain their vocational qualifications. Through

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agreements with major contractors, apprentices are now able to get the work experience they need to complete their apprenticeships, by working across the supply chain on large projects – not necessarily for one employer.

This means that even a small sub-contractor who may not be able to support a trainee through a whole apprenticeship framework can offer some work experience opportunities through their work on a larger project – opening up taking on apprentices to a much wider section of the industry. In a set of small-scale pilots, 150 apprentices had signed up to a Programme Led Apprenticeship by the end of 2006, and we expect a further 2,000 during 2007.

At the graduate level, 2006 saw the continuation of the Inspire Scholarships scheme, a £1million sponsorship fund aimed at increasing the applications to built environment degree courses. The scheme goes from strength to strength, receiving over 750 applications from high quality applicants in 2006, compared to 204 in 2005. The programme also provides scholars with on site experience with top employers and I was proud recently to be able to make an award to the top Inspire Scholar of 2006.

From a marketing perspective, the well-established Positive Image campaign continued to target young people aged 14-16, who are making important choices about their futures, with the 2006 campaign seeing the best response ever from women. National Construction Week, a nationwide campaign to promote the construction industry to young people, entered its tenth year, with 70,000 young people taking part in 300 events across the UK.

Finally, on the qualifications side, a new GCSE in Construction and the Built Environment was piloted in 58 schools and colleges in England and Wales. ConstructionSkills has also been closely involved in the development of the Construction and the Built Environment Diploma. Due to be taught from September 2008, it will be one of the first of the new Diplomas, that combine functional, vocational and sector specific learning.

All of these aims and achievements put us in strong shape going forward, but in order to really make the Sector Skills Agreement a reality, we will also need to have the infrastructure in place to support these priorities.

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Key to this is being able to access the best planning data, and our development of the Construction Skills Network has been a major milestone in achieving this.

An industry-wide alliance developed by ConstructionSkills to revolutionise the planning of construction recruitment and training, the Network combines a forecasting model with a group of national and regional industry experts, whose specific knowledge ensures the forecasts are authoritative.

By analysing demand from planned projects alongside current training supply across the sector, the Network provides the most comprehensive data on which way to plan training resources that has ever been available to the industry – or indeed any industry.

Its first outputs were launched in June 2006 and key stakeholders, such as the Office of Government Commerce, have already agreed to use these figures as the basis of their skills planning.

Building on this, we have also been able to develop a qualification strategy – determining how well existing qualifications and learning provision meet the needs of construction and what changes need to be made. Hundreds of employers contributed to the development of the Construction Qualifications Strategy, which will now produce a development and implementation plan with the bodies awarding qualifications.

Throughout all of this, we must remember that although ConstructionSkills is about being UK wide, responding at a local level is also vital.

In Scotland, the increasingly close links which have been developed between policy makers and ConstructionSkills – through the members of various Boards, Advisory Groups and the Scottish Advisory Committee – provide us with assurance that there will continue to be appropriate policy and funding commitments to employer-led training solutions. We have also delivered e-learning in partnership with LearnDirect and Build – responding to the environment, and helping recruits in the Highlands and Islands to access learning – as well as influencing the content of Science and Maths

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degrees at an HE level to make them more appropriate for those entering the industry.

The launch of the Northern Ireland Sector Skills Agreement in 2006 provided the framework for driving actions to address the industry's skills issues in the province. A range of employers and other stakeholders were consulted on these issues and now regular contact is ensuring continuous involvement in and commitment to delivering the action plans. An Undergraduate Development programme has also been established – a 10 day programme enabling 124 undergraduates to date to develop their skills and achieve their CSR card, the equivalent of the British CSCS card.

During the course of 2006, ConstructionSkills has also been working with Value Wales, the Welsh Assembly Procurement Agency, to utilise social clauses in major construction contracts in Wales to maximise trainee and community potential - getting local people into local jobs. A recent success has been the Porth Bypass project with Costain which has led to 50 additional local people being employed on the project.

We have also been working with the Welsh Assembly Government Departments – the Department of Education Lifelong Learning and Skills and the Department for Enterprise, Innovation and Networks - to prepare and publish a skills strategy for the construction sector in Wales. The strategy focuses on raising skills and working together to meet the needs of businesses and learners.

This kind of partnership approach is something that runs through everything we do. For example, for the Construction and the Built Environment Diploma, we are working with SummitSkills, Asset Skills, ECITB, Energy and Utility Skills and Pro Skills.

We are actively involved in the Skills for Business Network Infrastructure and Facilities Cluster Group, having hosted a high profile event, supported by Phil Hope MP, that facilitated strategic direction for the group in maximising skills opportunities across the built environment.

Further, the Built Environment Skills Alliance memorandum of agreement, signed in December, is an agreement between ConstructionSkills, ECITB, Energy and Utility

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Skills, Asset Skills, SummitSkills and Pro Skills to develop consistency in standards and qualifications across the built environment.,

So, having recapped on one of our most successful years in 2006, what does 2007 hold?

Firstly in terms of infrastructure, we need to make sure that we're building on the excellent foundations that 2006 created.

For example, the Construction Skills Network programme will be used to underpin training and development plans for the National Skills Academy projects. We will also be adding to its capability to deliver the necessary labour market intelligence throughout the year.

The Construction Qualification Strategy has a timetable of consultation, reform and review to assess whether current qualifications will allow us to achieve a fully qualified workforce. This strategy will be rolled out over the next ten years, and has the potential to transform the industry, so we need to get it right, in 2007 and beyond that.

Rolling out the new GCSE and Diploma in Construction and the Built Environment to schools and colleges to teach from 2008 onwards will also be a priority, which requires us to develop an environment in which employers value the qualifications, and young people both want to study the courses and have access to them.

In terms of improving business performance, the role of the Train to Gain service in 2007 will be key. Train to Gain offers a free, impartial and independent assessment to identify skills gaps, provided by an independent Skills Broker who works to national standards. ConstructionSkills has been working closely with the Skills Brokers across England to ensure that industry issues are understood and in three regions acts as lead partner coordinating the training provision – something we will look to build on in 2007.

In July it will also be five years and counting until London hosts the 2012 Olympic and Paralympic Games. ConstructionSkills will be making the most of this unique opportunity to showcase skills and training best practice. To leave a lasting legacy for

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the industry, we are launching a five year strategy and action plan which will be delivered by our dedicated London 2012 team.

To improve the skills of the existing workforce, gearing up for new ways of constructing will be a major focus.

Innovative Methods of Construction, or IMC, such as pre-fabrication and off-site assembly are an increasing feature of modern building design, and major projects such as the 2012 Olympics infrastructure will depend on them.

ConstructionSkills already supports IMC training. Working with manufacturers, we have developed occupational standards for a range of industrial systems and are in the process of setting up an NVQ Level 2 IMC qualification. 2007 will also see us leading a new professional forum to tackle the impact of IMC on the industry's skills and training needs in the future.

At the opposite end of the scale, this coming year will also see us build on our research into heritage skills needs in England and Scotland through the National Heritage Training Group, by conducting further research into heritage professional skills and training needs in Northern Ireland and Wales. This research will lead to skills action plans, which will seek to address heritage training and skills issues across the UK.

Finally, one of our other key areas for development will be offering advice on employing migrant workers. As the leading Sector Skills Council on understanding migrant worker skills issues, we will be establishing an online resource to provide information and advice for employers and sharing our experiences with other Sector Skills Councils in the Skills for Business Network.

When it comes to increasing the quality and quantity of new recruits, more apprenticeships will be vital. The roll-out of the Programme Led Apprenticeship scheme, with a further 2,000 places planned, will form a major part of this. In order to achieve this, ConstructionSkills will be working at national and regional level with the Major Home Builders Group and the Major Contractors Group, to provide on-site experience directly and through the supply chain of sub-contractors.

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ConstructionSkills is also seeking extra funding to reduce the cost of apprenticeships for over 25s. If successful, funding will be available from 2008, to support more adult apprentices. In addition, work continues to encourage Specialist Apprenticeship Programme completions during 2007.

It is also about shaping the future attitudes of the industry, which is why we'll be working in partnership with Think! to organise three interactive events in 2007 for young professionals working in the built environment. The Think! Next Generation event programme will provide a platform for young professionals to contribute to the Think! Charter - a pledge to 'Green our Industry', particularly focusing on engaging young professionals with issues such as sustainability, regeneration and innovation.

Now is an exciting time to be involved with the construction industry. I hope you'll agree that ConstructionSkills has made real progress in 2006, and that our plans for 2007 are every bit as exciting. When the prize is the transformation of one of the UK's biggest industries, it's vital that we keep setting ourselves tough targets, keep innovating and keep listening to employers, as that prize gets closer.

I'd like to thank you for listening to me today, and I look forward to hearing your views as part of the later panel discussion. I'll now hand you over to the Rt Hon Nick Raynsford MP, the Chairman of the Construction Industry Council, in order to hear the Professional Services' view of skills in the construction industry.

Many thanks.