

February 2023



# Responding to the construction skills needs of the Belfast Region City Deal

Report of the BRCD Construction Task and Finish Group

# Executive Summary<sup>1</sup>

## Purpose of Research Activity

To identify and quantify any gaps in skills provision and to make recommendations to help ensure that an appropriately qualified workforce can be put in place to meet the construction job opportunities emerging through the Belfast Region City Deal programme of investment.

The work to achieve this included:

- An overview of the construction jobs expected to be created through the BRCD investment, including timescales;
- An overview of current and expected future skills challenges impacting the construction sector (drawing from both existing intelligence and direct engagement with businesses and representative bodies);
- A profile of:
  - the spectrum of existing employability and skills provision focusing on construction skills
  - a breakdown of this provision in terms of support for new entrants and provision to upskill/reskill those already employed within the sector
  - an assessment about whether current employability & skills provision can meet future BRCD demand
  - gaps in provision identified through this process
- Recommendations about potential approaches to address gaps in provision and other challenges in the sector based upon emerging findings.

### Priority Considerations

In the course of this work the key areas of focus reflecting the current policy priorities of the BRCD, to align with regional strategic priorities include:

#### Inclusive Growth

**Inclusive growth: exploring opportunities to maximise inclusion and diversity, including the potential of social value to create additional inclusion pathways.**

#### Digitalisation

**Digitalisation: increasing adoption of digital technology within the construction sector and the resulting implication on skills needs. As well as the general digital skills needs of employees in almost every sector there will be specific needs aligned to occupations within the construction industry that need to be considered if future demand is to be met.**

#### Sustainability and Net Zero

**Sustainability: rising importance of sustainable construction in the drive to Net Zero Carbon and its impact for skills development. The long term transition to a net zero economy will require specific skills sets and construction is the sector most in need of skills development if it is to meet its contribution to net zero carbon emissions by 2050.**

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<sup>1</sup> Please note any reference to skills levels contained within this report and/or in the recommendations highlighted above relate to the NQF (National Qualifications Framework).



## The Potential

From 2012-2017 Construction was the fastest growing sector in the NI economy – 28% against overall growth of 12

Additional £1bn BRCD co-investment – approximately 7,000 construction jobs

The sector accounts for 6% of economic output of the UK (or 7% in NI) and provides employment for 2.3 million people in the UK

*“..the construction industry would have to increase current recruitment by 1,130 new workers each year to deliver the expected work between the start of 2022 and end of 2026”. [CITB, June 2022]*

The additional 5,650 workers needed (1130 x 5 years) in the 5 years up to 2026, simply to service growth and excluding normal levels of replacement demand - represents an annual recruitment requirement of 1.8% in the sector, without considering the impact created by city deal investment.

### Labour market

Low unemployment but high levels of economic inactivity, impact of pandemic, competition for labour, an aging workforce, reduced inward migration and increased outward migration

### Skills Availability

Skill shortages will limit growth, drive business to competitors, cause projects to overrun or start late and contribute to wage inflation.

The growing need for digital skills is affecting all sectors including Construction.

Shortages in specific occupational skill areas and at particular levels also impede growth. Occupational skills gaps appear to span all skill levels with the most severe shortages in skilled trades and professional technical roles.

Skills needs to support the Net Zero agenda still to be identified and developed.

Skills provision should support the inclusive growth agenda by providing pathways that open opportunities to underrepresented groups.

Skill related challenges in attracting talent – concentration in construction industry of smaller business <20 employees impact capacity to invest in skills; difficult to navigate available skills provision; skill pathways don't always line up; mismatch between provision and needs as needs evolve e.g. Net Zero; inflexibility of apprenticeship provision, lack of focus on upskilling / reskilling.

Non skill related challenges – *competition from other sectors, and* within construction from other jurisdictions, poor image, lack of coordinated profiling and lack of confidence in the ongoing pipeline of work, ongoing need to widen appeal to non-traditional group.

### Co-ordination, Integration, Reputation

Complexity around responsibility for skills and training affects awareness and uptake. Lack of alignment to evolving needs creates skills mismatch and gaps in provision. Recruitment would be strengthened by a more coordinated and integrated approach to provision and actions to broaden sectoral appeal.

## Responding to the Challenges

The construction industry in Northern Ireland is a key economic driver - accounting for 7% of economic output. However, it continues to perform beneath its pre-2008 levels when the global financial crisis hit - and its recovery has been further impeded by the global pandemic (when approximately 70% of NI's construction workers were furloughed). Construction is not an outlier in this regard. In general terms Northern Ireland is, continuing to experience a constricted labour market environment with labour shortages reported across a range of industries.

Although future labour market trends suggest that the construction sector will continue to grow, engagement with employers, supported by other evidence, suggests that labour market and skills shortages are creating challenges, driving up costs and impacting the sector's ability to achieve the scale of growth required. Low levels of growth in the working age population, reduced inward migration and continuing outward migration means this position is only likely to worsen in the short to medium term.

On a more positive note, a comprehensive pathway of skills provision - encompassing vocational and academic options – spanning careers advice, to employment support and lower and higher level skills - is available to the sector. Primarily delivered through FE College and University providers, the FE system alone sees up to 7,000<sup>2</sup> construction specific enrolments delivered per annum. At the same time there is growing demand, at HE level for Architecture, Building and Planning degrees, (which is broadly reflective of the general increase in first degree uptake in NI.<sup>3</sup>

Beyond the HE and FE sectors the evolution of other initiatives, such as Higher Level Apprenticeships (HLAs) and the flexible skills provision offered through DfE's Skill Up initiative, demonstrate the skills system's continuing readiness to respond to industry need. While the introduction of new Labour Market Partnerships<sup>4</sup> and increasing efforts by employers to attract more people into the sector, also offer new avenues for individuals wishing to enter the industry.

Despite the many positives revealed by the Group's assessment of existing provision, independent evidence and employer feedback all suggest that further action and intervention will be required if the sector is to effectively prepare for the nature and scale of future skills requirements (including, for example, digitalisation and net zero skills training). Again this is not unique to Construction; findings from the Business Barometer 2021<sup>5</sup> reveal that nearly three quarters (69%) of NI businesses are experiencing skills shortages; the highest level reported for any region of the UK.

The Group's assessment of current provision therefore suggests ways in which provision could be better co-ordinated, or extended, to meet emerging need.

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<sup>2</sup> Figures presented relate to the 2020/21 academic year, figures highlight relate to the number of enrolments as opposed to individuals

<sup>3</sup> Higher Education Student Statistics: UK, 2020/21 - Subjects studied | HESA

<sup>4</sup> Labour Market Partnerships are funded by the DfC and delivered in partnership with each local Council in Northern Ireland.

<sup>5</sup> Skills gap challenges for businesses in Northern Ireland – The Open University in Northern Ireland

## Developing Recommendations – the rationale

### **Evolving needs require a lifelong approach to skills development**

Employers are experiencing difficulties in attracting the volume or quality of applicants for the positions available. This is an issue of both scale and relevance. The impact of digital technology and the changing skill sets required to respond to net zero carbon commitments are additional areas of concern for employers. There is a particular interest in properly understanding the emerging skills needs in relation to the net zero target.

### **There is scope to ‘Promote and Diversify’ to Attract and Recruit new entrants, but the system will need to adapt to support this**

There is an appetite among employers for more investment to attract both young people and older people seeking to re-skill into the construction sector. The impact of existing promotional materials could be enhanced by improving sectoral co-ordination and developing joint resources to broaden the reach and consistency of the message

### **There will be a continual need to identify skills needs in order to align and promote provision**

Occupational specific and mid-tier focus<sup>6</sup>. This includes greater need in a number of occupational areas including engineering professionals, architects and surveyors as well as increasing & extending construction focused Higher Level Apprenticeship (HLA) provision towards areas of occupational demand<sup>7</sup>

### **Complexity in the system – in terms of provision itself and promotion of the Sector - can hinder participation**

Employers sometimes find the complexity of the current employability and skills system difficult to navigate, ad hoc and sometimes piecemeal. They would be keen for a more structured approach that would improve their awareness of and access to appropriate training and education opportunities

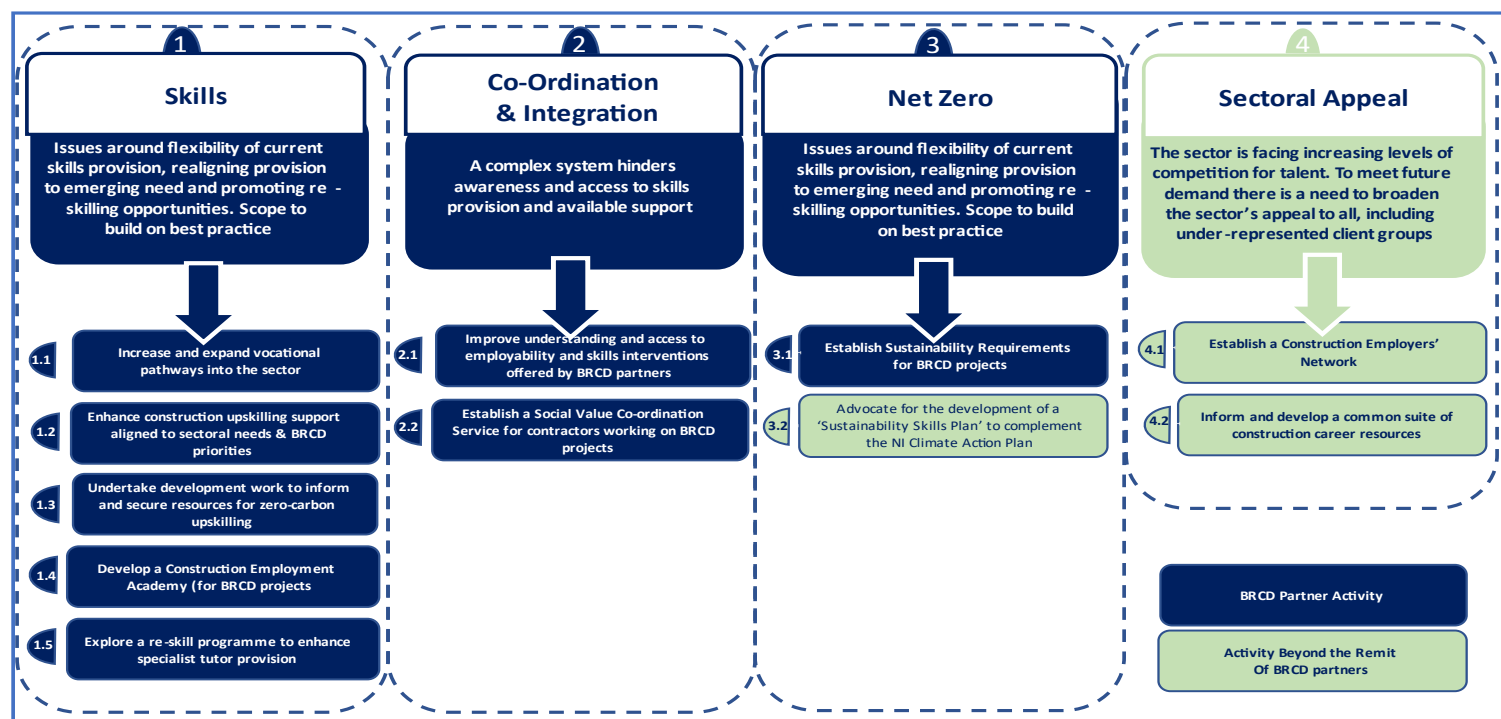
BRCD, working with partners and government colleagues, can play an important role in supporting many of the areas outlined above. This report provides greater context behind the issues raised and suggests actions and interventions that may help to address them. Not only will this have a direct benefit on the construction aspects of BRCD projects but, if successful, the emerging recommendations may be usefully replicated more widely across the sector (or indeed other sectors).

<sup>6</sup> Mid-tier skills are generally associated with Skill Levels 3 to 5 (e.g. A level to foundation degrees).

<sup>7</sup> I.e. specific job roles

## Recommendations – driving responses forward

This research project identified a number of areas beyond the direct scope of the BRCD but with sufficient impact on the programme and the construction sector more generally to warrant inclusion among the recommendations. There would be value in taking forward these additional recommendations not just for the benefit of the BRCD but also for the sector and related skills environment more generally. **These recommendations are outlined below and include:**



PLEASE NOTE: Delivery of the recommendations outlined above will require the support of key stakeholders, including BRCD partners and government department colleagues. It is recognised that the adoption and implementation of actions identified will be subject to a range of factors including budget availability, approval through relevant governance structures etc.

Construction Skills Assessment Recommendation<sup>8</sup>

<sup>8</sup> Under-represented client groups include those of particular interest to the BRCD or those under profiled in the sector such as females and people with disabilities.



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