

Response ID ANON-ZN68-6NCC-Z

Submitted to **Review of the Industrial training board: Call for evidence**

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Introduction

Your Details

1 What is your name?

Name:

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3 What is your organisation?

Organisation:

The Chartered Institute of Building (CIOB)

4 Is your business in scope of the CITB levy order; the ECITB levy order; or neither?

Neither

Skills and the Levy

5 Do you believe that the way the sector operates, sub-contracting and movement of skilled workers between companies, means a Levy and Grant System is still needed? Without the levy do you believe the sector would invest less in skills and training?

Accessible:

For the purpose of this response we will focus primarily on the role of the CITB.

Construction has always been an industry where investment in skills and training been an issue. Due to the boom-bust nature of the sector, the focus has been primarily on subcontracting and employing flexible labour in times where business is good. Clearly the purpose of the CITB is to firstly guarantee that the industry invests enough in attracting, training and retraining new talent and, secondly, that the existing workforce is equipped with the skills needed to ensure construction projects are completed safely, on time, on budget and to the highest possible standards.

Arguably, the CITB have been failing to guarantee the supply of skilled staff in the sector. We cannot reasonably suggest whether the situation would be different if the CITB did not exist, but we do agree that major reform, as recommended in the Farmer Review Modernise or Die, is critical. Additionally, with the implementation of the Apprenticeship Levy imminent we question whether there is a justification for using two separate schemes. There will need to be monitoring to see explore how both schemes are working together, how employers are finding the arrangements and whether they are helping attract and train the substantial numbers that are needed to fill the skills void that exists in construction.

With the above in mind we cannot reasonably argue whether the levy and grant system should continue when we have no strong evidence that abolishing it would work. We believe that it is down to the inherent business model in construction that causes the reliance of the industry on the CITB. However, we are seeing some evidence that the model may be changing, with some contractors moving to more direct employment models, albeit still relying on specialist subcontractors. The exact reasons for this are unclear, but some is a result of client specification. Although this does not point towards any trends it is worth further observation and potentially research to see how this model works and whether or not it will become common practice.

6 To what extent does the grant system help address the industry skills shortfall? Are different types of ITB incentives, given the way companies operate labour, required?

Accessible:

We believe that the way the grant system is managed often creates incentives towards certain courses and qualifications. This, in turn, disincentivises others which may be more meaningful in addressing skills gaps in the sector. For example, following the increase in tuition fees by successive governments, the CITB made the decision to not raise the grant entitlement which led to a significant decline in part-time graduates.

Additionally, the pull towards Site Management Safety Training Schemes (SMSTS), Site Environmental Awareness Training Schemes (SEATS), CSkills Awards, NVQs and other courses provided by the CITB are another issue. We are aware that in the CITB's remit to 'set standards', which is enshrined in law, they can justify pushing people down these paths so they can meet the requirements of the Construction Skills Certification Scheme (CSCS) card.

We also have a number of concerns about the CSCS system. Firstly, the system should be independent. It appears to be a direct conflict of interest given it has the ability to set standards as well as decide what is required to gain access to the relevant card. Secondly, CIOB members who are professionally qualified cannot access the 'black' card for managers as it is awarded only to holders of an NVQ Level 6. So, for example, a professionally qualified, experienced CIOB

site manager who does not have the card may be seen to be less safety competent than someone with a lesser qualification. Although we are aware there is a card for a 'Professionally Qualified Person' we question whether these are valued in the same way by employers. Essentially the main issue for the CIOB as well as other professional bodies in the built environment is the lack of recognition of professional qualifications and this should be addressed in a flexible way.

7 What is needed to help business overcome specific skills challenges and drive innovation? Is there a role for levy and grant to encourage innovation and new working practices?

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The levels of investment in innovation appear to be very low for construction. When considering 'formal' R&D spend, construction tends to place near the bottom, particularly in comparison to high R&D spend sectors such as pharmaceuticals and aerospace. This is to be expected given the large majority of the construction industry is SME based. Much of the innovation tends to happen on-site in a case-by-case basis and is therefore not recorded as formal R&D. The 'formal' R&D tends to be carried out by larger businesses, which pay the majority of the levy but also receive the most back.

We agree with Recommendation 4 of the Farmer Review, *Modernise or Die*, which calls for a coordinated programme of R&D and innovation that delivers productivity improvements throughout the construction sector. It states: 'Industry, government and clients, supported by academic expertise and leveraging CLC's current Innovation workstream activity, should organise to deliver a comprehensive innovation programme. This should be fully aligned to market, benefits case led and generate a new shape of demand across industry (with a priority on residential construction). It should quickly define key measures of progress and report regularly against these as a check on the possible need for more radical measures. It should, in turn, also help to shape CITB reform proposals in relation to technology and innovation grant funding initiatives.'

We are, however, cautious in expanding the CITB's remit to expand the role of the levy and grant to encourage innovation and new working practices. We would prefer simplifying the CITB core functions and letting industry take the lead on this area and building partnerships where necessary.

If the CITB decides to assist business in overcoming skills challenges and driving innovation then we recommend focusing on SMEs. There is evidence that large contractors are beginning to work together with their supply chains to share ideas as well as funding for innovation, without the need for government or CITB support. On the Crossrail contract, various Tier 1 contractors in the supply chain agreed to commit funds for an £800,000 pool to develop and test new concepts, many of which were used on the Liverpool Street redevelopment and will be adopted by these organisations in the future.

This initiative has continued and a number of leading contractors have signed up to a new venture known as The Infrastructure Industry Innovation Platform, or i3P, including Balfour Beatty, Laing O'Rourke, Costain, BAM, Kier and Skanska.

8 Are the types of construction activities subject to levy clear enough? Do you think the activities of the ITBs (their "scope") could be better defined?

Accessible:

It may be the case that the 1992 scope order for CITB is in need of updating. The industry has moved on and now carries out a wider variety of activity which could be subject to levy and grant.

The Industrial Training Boards

9 In general terms, do you think your ITB supports to the Industry?

Yes

10 What value do CITB and ECITB deliver, to your company and to the sector? Based on your experience - what ITB activities are valued? What are not?

Accessible:

As mentioned in our response to question two we have a number of issues with CITB recognising CIOB and other professional qualifications and feel that the CITB is inadequately promoting professional careers in construction. This is why we believe that the CITB should pool its resources and focus into the trade-side of the industry; even more so in light of Brexit.

CITB was involved in the collaborative 14-19 year old advisory standards group before detaching itself in 2015. The work has been continued on by a group of professional bodies, including CIOB, alongside industry and representation from the Department for Education. Work continues apace and the group is achieving success. It is an example of a group such as this that shows that CITB does not necessarily need to be involved so heavily in leadership roles, instead focusing on its core function of levy/grant.

We value the CITB/Construction Skills Network research and forecasting and believe it is a useful resource to understand the skills requirements on both a national and local level. This data is particularly beneficial when considering planning locally and should be utilised to direct funding and training on priority skills and occupations. This again is where we believe the CITB could focus its efforts on the trade side of the industry and linking up with relevant professional bodies and local government to expand the professional side of the sector.

We recommend that this function is continued but believe it needs to be more joined up with the rest of the business.

Additionally, we are supportive of some of the CITB funding initiatives, one of which is BuildForce, a network of construction employers and industry bodies to help service leavers and veterans find the right job upon leaving the Armed Forces. This is the perfect example of the CITB funding an innovative scheme that is seeking to attract workers from underrepresented sectors without being too involved in the process and implementation.

However, when examining the CITB's Annual Report and Accounts from 2015 it is clear that employers feel the CITB is failing to deliver in key areas. For

example, under strategic leadership, only 26% of employers felt that the CITB is successful at identifying skills needs and influencing skills decisions, both falling short of their targets for the year. Under industry engagement, 27% of employers stated that the CITB is successful at promoting the benefits of investing in training, falling short of the 2015 target of 50%.

These two findings may point towards employers not feeling the CITB is acting as an effective leader of the sector. Clearly more can be done to improve industry engagement and the CITB should be more proactive in engaging with relevant professional bodies in the built environment; many of whom may be better equipped to focus on the 'image and recruitment' side that the CITB has a role in pushing. This would free up CITB resources and enable them to focus on core business activities such as the levy. This would also enable them to utilise their own research much better to identify current and emerging skills needs and focus their efforts on those key areas.

Lastly, it should be noted that the levy income in 2015 was £182.8m (2014 £161.1m) comprising £180.6m (2014 £160.3m) in respect of the current year's assessment plus an adjustment of £2.25m (2014 £0.8m) for the reassessment of prior year changes.

Grant expenditure rose from £130.9m to £137m in 2015, helping to support 21,040 apprentices (including 6,521 framework achievements), 3,164 Training and Development Plans, 17,359 VQ achievements and 25,513 plant tests.

This suggests that there is a gap of £51.9m. This is lower than former instances back in 2012 it was a gap of £65m. However, the same question exists: can this surplus be used more effectively to better support training for the industry at large?

11 Are the services offered by the ITB's understood? Are Grants and support easy to access?

Accessible:

Since we do not access grants we are not able to answer the question. We would however recommend carrying out wider research of employers, of all sizes, to ask their experiences.

12 Do the ITB's have a clear enough role? If there is still a role for the ITB's - what should their priorities be? What leadership role, if any, should they play?

Accessible:

We believe that the CITB would be much more effective focusing on the levy collection function as opposed to the leadership role. Having this dual function often blurs the lines and can lead to money that is being collected being used in ways that could be better spent on offering and distributing training.

As mentioned earlier the leadership role should be carried out by a Government and Industry leadership group much like the Construction Leadership Council (CLC). From here it would be clear to see that professional bodies like the CIOB, RICS, RIBA, ICE etc. are leading on a variety of agendas, particularly in terms of engagement with young people. We therefore believe that the ITB's would be much more effective in a reduced role but building the necessary partnerships with industry where possible.

On a separate matter, in a recent poll of 92 MPs conducted by Dods and CIOB we found that just over 1 in 6 MPs said they were not previously aware of the CITB. Additionally, around 40% of MPs provided 'I don't know' responses to this question, indicating that awareness of the CITB is very low. The survey delves into further detail (which we would be happy to send you separately) but we thought that it should be mentioned given that MPs have to vote on whether to retain or abolish the ITBs. We believe this point should be taken into consideration as the CITB may wish to establish more links with policy makers to ensure its activities are being fully communicated.

13 What specific challenges should CITB and ECITB look to address? Should the ITB's offer greater levels of support for priority skills? with less resource available for other areas?

Accessible:

As mentioned in earlier responses the focus should be on making the levy more accessible and relevant. If the CITB is to retain more functions then it should utilise its research arm of the business to enhance its offering for priority skills.

14 Do you believe the ITB's current activities help produce site ready new entrants? What skills, attributes in individuals are missing? Should the ITB's have a wider role with those seeking to enter the industry?

Accessible:

We believe that no new entrant can be perfectly 'site ready' and estimate a year of training is needed. We are aware that the Government is launching new technical qualifications – or T-levels – to simplify the process of vocational training and help make 16 to 19-year-olds 'work fit'. This is a laudable aim and we do believe that construction benefits from the sandwich style course with a good mixture of on-site experience and classroom learning. Placing underqualified entrants without the necessary experience on site can be a risk to the workforce, particularly in a dangerous sector like construction.