

Cross-Party Group Annual Report

Cross Party Group Details

Cross Party Group Title:

Construction

Group membership and office holders

Name of Group Chair:

Joyce Watson MS

Names of other Members of the Senedd:

David Rees MS

Mike Hedges MS

Mark Isherwood MS

Delyth Jewell MS

Name of Secretary and Organisation:

CITB (Mark Bodger – CITB / Matt Kennedy – CITB)

Names of other external members and organisations represented:

Bryony Haynes (BH)CHC

Catherine Williams (CW)CEW

David Kirkby (DK)CIOB

Ed Evans (EE)CECA

Andrew Eldred (AE)ECA

Jill Fairweather (JF)Cadw

Gareth W Evans (GE)CWIC

Gareth Williams (GW)CITB

Christopher Hare (CH)Welsh Government

David Humphrey (DH)Morgan Sindall

Ifan Glyn (IG)FMB

Julia Stevens (JS)CITB

Keith Jones (KJ)ICE

Ken Pearson (KP)Bluestone Builders

Mark Bodger (MB)CITB

Owain Jones (OJ)TRJ

Rob Davies (RD)CITB

Roisin Willmott (RW)RTPI

Matt Kennedy (MK)CITB

Other meetings of the Group since the last AGM

Meeting 1

Date of Meeting:

07.11.22

Attendees:

Joyce Watson MS (JW)

David Rees MS (DR)

Nitesh Patel (NP)Support Staff

Bryony Haynes (BH)CHC

Catherine Williams (CW)CEW

David Kirkby (DK)CIOB

Ed Evans (EE)CECA

Andrew Eldred (AE)ECA

Jill Fairweather (JF)Cadw

Gareth W Evans (GE)CWIC

Gareth Williams (GW)CITB

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Owain Jones (OJ)TRJ

Rob Davies (RD)CITB

Roisin Willmott (RW)RTPI

Matt Kennedy (MK)CITB

Summary of the issues discussed:

Meeting started at 13:33, JW opened the meeting welcoming members. JW reflected on the economic pressures both at home and abroad and highlighted the timeliness of this meeting topic given the pressures facing the construction industry.

JW reminded attendees to follow the usual protocol for asking questions and making comments during a virtual meeting and highlighted that a transcript of the meeting would be recorded to ensure accuracy.

JW reminded everyone that the meeting would need to cover AGM proceedings initially and invited the group to propose members to fulfil the chair and secretariat roles respectively. DR proposed JW as chair, seconded by DH. JW proposed CITB continue in the role of secretariat to the group, seconded by DR. No objections were received to these appointments.

Following the AGM portion of the meeting JW asked MK to speak to the first agenda item, outlining some of the main economic challenges facing the industry.

MK reflected that with many households facing significant increases in their cost-of- living, and wider domestic and global pressures on the economy causing challenges to growth – many commentators/analysts are suggesting a recession for the UK is on the horizon this, or early next year.

MK suggested that this could exacerbate existing pressures with suggestions that inflation could rise as high as 17% in the first half of 2023 without significant government intervention. MK highlighted analysis by PwC suggests this could be accompanied by slow growth with GDP achieving around 3% for this year followed by two years of slow, potentially negative growth.

MK outlined that in Wales the latest employment data paints a challenging picture with 45,000 fewer people working in Wales than the same time last year, despite there being 13,000 fewer people unemployed. The number of people in Wales not available for work was 38,000 higher than in the three months to May and 52,000 higher than the previous year. The reasons behind people not being available for work include those who are ill, caring for someone or a full-time student. The proportion who are long term sick in Wales has increased to a third of this economically inactive group, the highest proportion for more than 16 years. That amounts to 147,000 people.

MK reflected on meeting of The Welsh Construction Forum Industry group where he said attendees outlined how some of these pressures were playing out in practice, highlighting that:

Cost inflation is understandably causing significant challenges:

Some involved in procurement reported that attracting contractors to frameworks was becoming challenging in an increasingly unpredictable time for costs

Linked to this, the sharing of risk could be disproportionately placed on contractors with those tendering for work having strict budgetary targets to meet

Skills shortages in a number of key trades is producing wage inflation and causing practical delays to existing work

There was also a sense that these challenges, if persistent in the longer-term could act as a significant barrier to progress towards achieving Net Zero.

Reflecting on the latest data from CITBs activity tracker (which tracks business activity and staff shortages) MK said the key takeaways include:

The industry is working at capacity although workload size and skills demand is starting to moderate

A number of key occupations remain in short supply including bricklayers, joiners, painters and decorators, carpenters, electricians, plasterers and renderers, plumbers, and quantity surveyors.

Material costs increases continue as the most impact challenge facing businesses

These costs are leading some to increase prices or pass on the increase to consumers impacting profit-margins

Approaching four in ten (37%) businesses have reported that demand has fallen in particular areas of their business; with demand for residential work and refurbishment having fallen the most over the past six months.

In terms of training provision:

o a quarter of businesses (25%) say that the increased costs of materials is preventing them from adequately investing in training.

o While three in ten (29%) report that the shortages of existing skilled staff is holding back investment in training

o a quarter (25%) report not having a reliable pipeline of work holding back investment

o a similar proportion (24%) report reduced customer as a constraint

o and 19% report that staff are too busy to be able to offer training.

- Our analysis suggests that investment in training in respect of money and time is likely to continue to decrease, at least in the short-term, as inflation continues to bite and firms are faced with recruitment challenges, meaning firms have little headroom for investment and staff are too busy delivering or trying to win work in an increasingly competitive environment to take time out.

- Survey respondents commented on a boost to activity from work on previously delayed projects, but incoming new orders remained relative scarce in September.

- Mirroring many of the issues raised at the Welsh Construction Forum Industry Stakeholder Group, firms cited slow decision-making among clients and greater risk aversion due to inflation concerns, squeezed budgets and worries about the economic outlook.

JW thanked MK for talking through the briefing and said that although those challenges seem hard the CPG, with the expertise in the room there is the potential to help overcome them. JW invited MB to speak to some of the solutions put forward on the agenda.

MB said that we will always require skills to replace those that are currently there or to progress those that that will be needed in the future and that in Wales we have a landscape of the regional skills partnerships, identifying what skills should be required in each of the regions. We've got a network of further education colleges providing various aspects of skills where some have got waiting lists, some have not got capacity and some have provision only in certain trades and not others.

MB highlighted that the higher education and professional requirements are scattered across Wales in different ways in different arrangements, and said for employers it's a confusing landscape.

MB said that the challenges remain around how do we make sure that we've got that skills landscape mapped and that we are providing the skills that are required for growth for the future to replace an aging workforce and that we've got a more diverse workforce and to make it is more accessible to people in Wales to help counteract some of the things that MK identified in the first agenda item.

MB went on to talk about the impact and ongoing potential of the shared apprenticeship model highlighting that the two schemes in Wales, one in West and one in the South East are proving to be a success, but that there was no provision of this kind in North Wales. MB highlighted that the model had played an important role during the last recession and could be brought to the fore once again to support employers who may have a slowing workload ahead.

MB moved on to cover net zero skills reflecting on the role of the ORP in testing new approaches and said that there would likely be much greater activity in aspects such as air tightness and insulation from a building perspective, but also from the building services, a lot more in heat pumps and solar PV and batteries.

Lastly on social value impact MB highlighted that much of the recording/reporting has become an industry in itself suggesting this needs to be simplified and put into context in terms of the other pressures facing industry so that companies can realistically deliver on these commitments.

JW thanked MB for his contribution and invited others to reflect on these points or to discuss any other items.

OJ highlighted that despite investment from the Welsh Government in the shared apprenticeship scheme that funding is dropping and said that this kind of measure which could be supported at the start of the downturn is seeing support withdrawn.

AE explained that he was from the ECA representing electrical contractors. AE felt that the shared apprenticeship model hadn't worked so well within his part of the industry due to length of time needed for a placement and that the sector isn't as exposed to ups and downs due to the nature of the work.

AE reflected on the skills challenge within engineering services where Wales lags behind the rest of the UK. AE said that of the 159 waiting to start an apprenticeship in South Wales, funding was available for around half of these.

And on net zero skills AE said that success in training would rely heavily on having the education workforce ready with contemporary knowledge – which was often a challenge.

KJ said that apprenticeships in civil engineering were doing well although they don't tend to have a sharing arrangement too although there was the potential for this in South West Wales.

KP reflected that the model has worked well in West Wales – highlighting that many of the businesses are micro or small in nature. KP said that it's important we look to engage school pupils to highlight the potential careers in the industry.

EE highlighted that many of these issues have been repeated over the years but said that provision is particularly patch for groundworks and plant training in Wales at present. EE said that the funding model should be looked at given the size of the FE sector to make something possible in these disciplines.

EE said that contractors needed more support on social value and that local authorities could play a bigger role in supporting contractors to make the right links to deliver on those commitments in practice.

JW reflected on attending groundworks training in the past and said that success in that field had relied on having a large enough project to move learners around.

CW said that pipeline is key for employers in considering investing in skills and training. And that it is vital younger people are encouraged to think about the new built environment GCSE and A Level to increase the pipeline into the sector but that more needed to be done to increase awareness within schools, amongst staff of what those careers look like.

JW agreed that more needs to be done to engage young people in careers in the industry and also focus on what teachers know about the industry.

JF emphasised the needs to think about qualified trainers to facilitate learning about net zero. JF highlighted the new Diploma in IBT being developed by NOCN noting that a lack of staff to deliver this in practice within colleges was a real challenge. Suggested WG develop a train the trainer programme around net zero for colleges.

GE highlighted the approach taken by the Scottish Skills Councils reflecting on the impact of Scottish Gov funding where there's stipulations around training if using gov funding. More broadly GE reflected on the challenge of offering training where colleges may question why uptake was not quicker, highlighting that this for instance often involves explaining the industry isn't overly future focussed and may struggle to plan for the longer term.

OJ responded that industry would be willing to take up those opportunities but that in reality there considerable difficulty for firms in allowing people time off-site. OJ said that there's lots of potential in on-site training to help offset this and provide a mix with classroom learning to boost numbers.

KP agreed that onsite training has many benefits. But stressed the need for the right expertise onsite in the form of mentors. KP added that there are opportunities to press manufacturers to offer free training to increase product knowledge. KP said that unfortunately colleges are losing tutors to site work due to better pay.

JW agreed and added that that knowledge would be vital in areas such as insulation where having the right product could make all the difference within the home especially against the backdrop of energy price increases and consumers seeking more information about measures that could impact heat retention.

JF said that the impact of getting retrofit wrong is considerable. She said that lack of client confidence is causing delays with people unsure what measures to take-up, and what would be most impactful.

AE added that more work must be done to also establish industry confidence in these areas where at present there were low barriers to entry for businesses and products.

KP added the continuous checking of work is vital alongside potentially exploring licencing to increase confidence.

IG said that PAS2035 requirements through ORP is to be welcomed but that there's a larger issue around training and that's to do around communication. He said that the energy crisis has driven up demand for interventions to make homes more efficient, but that FMB members often don't know where to go to access the training provision. And where there is access that can depend heavily on your location or some provision might only cover certain aspects of retrofit but not others.

IG added that there's a need for a long-term skills strategy to sit alongside the retrofit agenda noting the challenge within ORP where delivery is compromised due to lack of supply chain strength.

AE added that the challenge was on government to continue provide support to meet the demand.

GE reflected that the picture of FE within construction was quite negative at present and said that challenges wouldn't go away due to the lack of experienced lecturers and those with industry experience. Adding that more needed to be done to make the teaching sector as attractive as possible and provide ongoing knowledge development.

MB said that there is a lot of plans/strategies in place but it's hard to explain this to an employer and make sense of what it all means to them around the provision, funding model etc. He said that the Welsh Gov will soon have its Net Zero skills strategy but due to the knowledge gap, manufacturers were already putting information out there, homeowners were also taking steps independently – so that whole thing is chicken and egg.

MB said that providers and trainers are needed as well as an understanding around competence requirements to know where the bar is set which will help guide the qualification requirements.

CH emphasised that from a Welsh Government perspective there's a lot of work going on to bring everything together and address some of the issues highlighted and said the action plan will help bring that to life and highlighted the role of funding coordinators and then knowledge transfer pilot and the role of net zero hubs. CH also highlighted the

£1.7m investment in shared apprenticeships and that this is now broadened out but it's taking time as it's not a one size fits all approach.

JW summarised the discussion and said that keeping a focus on skills would be important with a view to looking at producing a report as a CPG towards springtime next year – the group agreed on this focus.

JW thanked the group a brought the meeting to a close.

Meeting 2

Date of Meeting:

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Attendees:

Click or tap here to enter text.

Summary of the issues discussed:

Click or tap here to enter text.

Meeting 3

Date of Meeting:

Click or tap here to enter text.

Attendees:

Click or tap here to enter text.

Summary of the issues discussed:

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Professional lobbyists, voluntary organisations and charities the Group have met during the previous year.

[names of lobbyists/organisations/charities should be included as follows, e.g.]

Name of Organisation:

Click or tap here to enter text.

Name of Group:

Click or tap here to enter text.

Name of Organisation:

Click or tap here to enter text.

Name of Group:

Click or tap here to enter text.

Annual Financial Statement

Cross Party Group Title:

Construction

Date:

05/11/22

Name of Chair:

Joyce Watson MS

Name of Secretary and Organisation:

CITB

Title	Description	Amount
Group's Expenses	None	£0.00
Costs of all goods	No goods bought	£0.00
Benefits received by the group or individuals members from external bodies	No benefits received.	£0.00
Any financial support or other support.	No financial support was received.	£0.00
Total		£0.00

Services provided to the Group, such as hospitality.

All hospitality paid for [include the name of the group/organisation].

Date	Name and description of provider	Costs
N/A	N/A	£0.00

Total	£0.00
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