

Dear Economy, Trade and Rural Affairs Committee,

Below are CITB's views on priorities for the committee during the sixth Senedd.

We know that **Coronavirus recovery** will be a key issue for the committee and believe the construction sector could provide a useful case study. CITB's recent publication of the [Construction Skills Network](#) forecasts provides information about the state of the sector and economy, and forecasts for 2021-25. Construction has bounced back quicker than expected from the pandemic and the industry will reach 2019 levels of output in 2023 in Wales. The industry will need to recruit an additional 9,250 new workers by 2025, just to meet demand.

The output growth in Wales will require an annual average increase of 0.7% in the construction workforce, slightly lower than the UK figure of 1%. The volume of work will grow by an annual average rate of about 4.1% for Wales, with the private housing and infrastructure sectors expected to have the fastest growth rates. However, we also know that parts of the sector are still fragile –

- Highest single sector taking up WG Economic Resilience Funding – especially micro and small construction firms – a key part of the foundational economy
- Very low margins
- Materials scarcity, delays and increasing prices
- Issues with fair payment (Construction Forum has produced a best practise guide)

We believe it would be particularly interesting to look at how Welsh Government's new regional approach will support recovery, compared with the sectoral approach of the past. It might also be interesting to look at the way Welsh Government engages with specific sectors, for example through the new Construction Forum chaired by Lee Waters, and how that compares with the Construction Leadership Council in England.

We also believe Skills, and particularly the **skills needed to drive Wales towards its' net zero targets** should be a priority for this Committee. We believe the committee could usefully focus its attention on construction skills – in terms of ORP, WHQS and new build homes. We know that 40% of emissions come from construction and the built environment. This means the construction industry has a big role to play in the journey to net zero by 2050. Up to 95% of emissions from the built environment over the next 30 years will come from buildings that already exist, so most of the effort to decarbonise must be focused on retrofitting existing buildings. Retrofit work will be required on around 1.4 million residential and 100,000 non-residential buildings. NEF estimate that £14.75bn investment will be

needed for energy efficiency in homes to 2030 – Welsh Government’s investment through the ORP is £19.5 million.

CITB’s [Building Skills for Net Zero](#) research report, published in March 2021 shows there will be a need for an extra 12,000 roles in construction in Wales by 2028 to deliver net zero. That represents a 12% increase in workforce based on current technologies and ways of working. This will need to be done by attracting a new workforce, upskilling the existing workforce, and through productivity gains. There are currently very limited plans in place to address the shortfall.

The need to carry out retrofit across the whole existing building stock creates a requirement for specific skills – an additional 2,800 plumbers / HVAC workers to install heat pumps, 2,500 project managers, including retrofit coordinators, and 900 building envelope specialists, including insulation installers, by 2028. Scaling retrofit will also lead to the wider adoption of smart digital construction including offsite fabrication. This will create demand for skills that are associated with manufacturing processes including surveying, design and energy evaluation, logistics and onsite assembly.

Reaching the Welsh Government’s net zero target, will require the entire construction sector working together with a common purpose. From a skills perspective, that means colleges, employers, federations, and government thinking green so the skills, knowledge and experience needed are embedded throughout the sector.

- Welsh (and UK) Governments have a key role to play in creating demand for skills by committing to a trajectory and setting associated long term policies, skills requirements and funding, so employers can see a long-term pipeline of work to encourage them to commit to investing in skills.
- The training sector needs to move to a more planned approach to provision, identify training and qualification gaps and facilitate updating of skills, technology and techniques. All qualifications must start to include retrofit, traditional buildings and modern methods of construction.
- Industry needs to invest in skills training, retaining skills within the sector, being collaborative across supply chains, and changing culture so it is more attractive to new / diverse entrants.

CITB has been working with Welsh Government to support the implementation of the Innovative Housing Programme and Optimised Retrofit Programme, and learn lessons from these programmes to inform future skills planning. Over the next few years, CITB’s main actions will focus on –

- Further research – this will include research into the skills required by employers to achieve Trustmark registration, a detailed review of the insulation training sector and research on embodied carbon in construction.
- Ensuring standards and qualifications are net zero ready – supporting Welsh Government’s skills audit and skills planning and ensuring the required skills are clearly understood by industry through contracts and communications, developing a competency framework for net zero, supporting the development of a ‘Green Apprenticeship’ in IBT.
- Funding - qualification grant funding of the L5 Retrofit Coordinator, with more to be developed in future years as policies, standards and qualifications change.

- Influencing – using all of the above to help us influence government policy direction and support the training sector and employers adapt to the changing world.

### **About CITB**

CITB is the industry training board and a partner in the Sector Skills Council for the construction sector. CITB is dedicated to ensuring the construction workforce has the right skills for now and the future based on our three strategic priorities – careers, standards and qualifications, and training and development. We provide training and apprenticeships support for construction employers, and work with industry and government to tackle key skills challenges. Our commitment is to be a collaborative partner, providing practical solutions that reflect the real needs of construction employers, as they play their part in rebuilding the economy, creating jobs, and constructing a better Britain.

Alex Rawlin

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