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Resilience of the construction training provider network

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Executive summary

Introduction

This research represents the findings from 189 quantitative and 40 depth interviews with organisations providing construction training including FE Colleges, private training providers and universities as well as a detailed policy and literature review.

As in any other industry, the skills of managers and workers in the construction sector are developed in the course of construction activity itself. Industry staff at all levels become more skilled through their experience or through informal training as they do their jobs. Formal training delivered by Further Education Colleges, private training companies, and Universities, also makes a critical contribution to the growth and productivity of the sector – particularly in preparing new workers for entry into the industry.

The capacity and capability of this 'external' training infrastructure is vital to the industry's immediate and longer term futures.

Change and challenge in the environment for construction training

A literature review undertaken as the first part of this research considered what the challenges may be. A wide range of changes and trends in the construction environment are evident.

Modestly benign current conditions in the general economy and construction markets are forecast to continue for the next 3-4 years but a future downturn of unknown severity cannot, of course, be precluded.

Public skills policy is continuing to move in a direction such that the government pays less of the national training bill and employer and individual consumers pay more – with the incentive to those consumers that they gain more control over training supply, and with the consequence for training providers that they need to become more strongly oriented to market, rather than government, expectations.

The recent Further Education reform programme has seen cuts in the
skills budget, the introduction of student loans for some higher level FE
freedoms for FE Colleges to act independently; in the Apprenticeship p
employer-designed apprenticeship standards and the introduction of an
on large-wage bill firms; and in Higher Education where 'block grant'
largely replaced by a 'tuition fees and student loans' system.

Other potential change factors include changes in flows of migrants into the UK and, particularly at Higher Education level; change in demand from overseas students for participation in UK built environment courses.

Challenges specific to construction include:

- Persuading more talented young people that the industry offers attractive careers
- Increasing employer investment in training – particularly with SME and Micro firms
- Uncertainty around how the CITB Levy will interact with the Apprenticeship Levy

- Innovation in the industry via, for example, digitalisation of design and management processes, use of new materials and techniques, and off-site manufacture.

Recent and current changes and challenges

Looking at the recent and current background,

- The majority of providers reported that both individual and employer demand had risen over the last 5 years
- Overall providers feel they are in a stronger position than 5 years ago (44%)
- The majority of providers had seen a rise in student numbers suggesting significant recovery in training activity following the recession in 2008/09.
- In contrast, twice as many providers reported that their total funding for construction training had fallen over the same period as reported that it had risen resulting in some cases in a reduction of teaching hours and an increase in online provision. Providers are expected to 'do more with less'. FE colleges were the most affected.

Around 6 out of 10 providers supplied construction apprenticeship training (92% in the case of FE Colleges) and, of these over 8 out of 10 said that this provision was a critical or very important part of their total provision. This implies that the success of ongoing reforms to apprenticeships will be a vital factor in maintaining or increasing the volume and quality of construction provision.

9 out of 10 providers in FE and HE reported that the reduction in public funding had required them to take an increasingly commercial approach to their provision, including marketing ventures to increase income from employers and individuals and adjustments to the balance of construction provision (i.e. that profitable courses were continued and unprofitable ones discontinued).

Frequent challenges reported in the research were the need to maintain income, the work required to develop new courses, and adjustment to new minimum Maths and English requirements for learners. Other reported challenges include difficulties in recruiting teaching or lecturing staff and lack of industry attractiveness to young people. Solutions included investment, focus on quality, curriculum and course adjustments, and improved school liaison work.

One significant challenge which could not be overcome was simply that of uncertainty about what lies ahead. This mainly related to apprenticeship reforms, their impact on student numbers, and the two Levy systems.

Collaboration

In support of commercial viability, collaboration was widely established – 53% of providers said they had external linkages with an additional 25% of providers saying that they wanted to collaborate in future. This commonly took the form of; commercial contracting arrangements; joint course design; non-competition agreements and joint bids for funds.

Key collaborative partners included the CITB and other industry bodies, Local Enterprise Partnerships, Local Authorities, and local secondary schools. 21% of FE Colleges' said they

had already been affected by arrangements to create college federations and a further 43% said that federation was possible or likely in future.

Future changes and challenges

Turning to provider perceptions of the future, there are a range of perspectives:

- In ratios approaching 4-to-1, providers were more likely to expect growth in student numbers and in the range of courses they supplied than to say that either of these things was unlikely.
- Multiple factors were expected to drive widening ranges of courses, including student demand, public funding priorities, commercial benefits, and particularly, employer requirements.
- When providers were asked what courses they might add to, or remove from their current course offers, the list of prospective additions was considerably longer than the list of prospective removals.
- Providers react to specific demands and needs in their localities – these demands and needs don't show any overall patterns or trends.

In 5 years' time 61% of providers expected to be in a stronger position and only 8% expected to be in a weaker position. This is mainly based on an expectation of industry growth, skills shortage pressures, stronger links with schools, apprenticeship policy and collaboration.

However, they recognise challenges remain which include teaching staff shortages, funding shortages and uncertainties, and levy changes.

Providers were also asked for their responses to four scenarios: (1) growing demand for construction training; (2) growing demand accompanied by demand for change (3) a status quo; and (4) a negative scenario.

Overall providers would seek to expand provision under the growth and status quo scenarios. In the case of the fourth scenario – of economic and industry downturn – a third of providers expected to have to reduce provision.

Within these general statistics, FE Colleges were the most volatile – (most likely to say they would push for growth in positive environments *and* to say they would reduce capacity in negative environments). Universities, with a more stable income stream from student fees, were less volatile.

Conclusions

The main conclusions of the research are:

- In recent years, construction training providers have faced a range of challenges. A principal challenge has been the reduction in public funding for adult skills training. Whilst this reduction in funding has taken place, demand for construction training, post-recession, has risen. Providers have met this challenge – of doing more for less – by increased efficiency.
- Reduction in public funding has also led to the widespread adoption by FE and HE providers of a more commercial approach to income generation. .

- Other challenges have included shortage of training, teaching, or lecturing staff to teach construction skills and the need to respond to new minimum English and maths for learners on vocational courses.
- The majority of construction training providers believe that they have come successfully through the recent period of change in their operating environments. .
- Thus, in revealing recent resilience to change and in exhibiting flexibility, research results suggest that providers have the capacity to meet further change successfully.
- For FE Colleges, there is uncertainty introduced by area reviews which are being undertaken at government behest to increase the efficiency of FE provision in sub-regions across England. .
- More generally, there is uncertainty introduced by ongoing apprenticeship reform.
- A further concern is of how the construction industry levy will operate alongside the new all-sector apprenticeship levy for firms with a wage bill of over £3 million per year. Some providers are aware that the CITB's role and functions may be subject to revision as part of the new apprenticeship levy.

Implications and recommendations

Key implications and recommendations for CITB, which derive from this research are:

1) If CITB wishes to disperse some of its current training activity into the provider network, it will find providers willing and able to undertake that activity, provided there is sufficient income to make it financially viable for providers.
2) If CITB and the industry take the view that the totality of provision which is currently and prospectively available is not sufficient in volume or is wrongly structured, then both industry and CITB need to articulate that view to providers more clearly. 'Articulation', in this case, means providing the intelligence, industry connections and income to enable providers to deliver the levels and types of training which are believed to be 'strategically' necessary.
3) Adaptation to change is inhibited if it is not wholly clear what change is forthcoming. Changes to apprenticeships, the construction levy, and CITB's role are not fully resolved. CITB should work with government to finalise these matters as quickly as possible and to inform providers of new circumstances and arrangements.
4) Providers are already extensively involved in collaboration with a wide range of partners. They have a substantial appetite for further collaboration. In seeking to adjust its responsibilities and activities, CITB should exploit this potential for collaboration.
5) Some funding for support to skills development has been devolved by government to some city-regions and to Local Enterprise Partnerships. CITB should use its resources and influence to ensure that sub-regional support to construction training is maximised.

6) FE Colleges are revealed as being under greater stress than are private providers and Universities. It may be that the FE sector is most vulnerable to forthcoming changes and where CITB capacity to support provider training is most necessary.

7) Particularly, FE provision is currently subject to sub-regional area reviews which may lead to college federations, mergers, and closures. CITB should work with industry, federations, LEPs and FE construction departments involved in these processes to help deliver the best outcome for construction provision in affected sub-regions.

8) Provider resilience to change is inhibited by shortages of construction training, teaching and lecturing staff. CITB should consider ways in which, over the longer term, it can work with providers to improve the number and quality of people who wish to take on instructional roles in the industry.

9) A key factor in provider resilience is the number and quality of people who wish to make their careers in the industry. CITB should continue its efforts to make the industry as attractive as possible to potential entrants.

10) The principal underlying message of the research is that construction training is now, more than ever, a business and not a public service. The industry will only get the skills it pays for. CITB will assist the resilience of providers by conveying this message to those employers in the industry who have not yet fully recognised or accepted it.

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