CITB NI Construction Industry Skills Statement

CITB CONSTRUCTION INDUSTRY TRAINING BOARD NI

Introduction

CITB NI carries out a regular programme of industry research to help identify the skills and training needs of the Northern Ireland (NI) construction industry and to ensure the appropriate training is available. Other sources which assist CITB NI in understanding the training and skills requirements of the industry include feedback from employer events, CITB NI's Board and Committee Structures as well as monitoring research completed by other industry stakeholders and trade bodies.

The purpose of this Skills Statement is to provide the reader with a synopsis of these research findings and to give an overview of the current landscape and the future skills and training needs of the industry. The findings should be of interest to construction employers and employees, private & public training providers, trade bodies, Councils and MLAs.

August 2023

HOW IS THE INDUSTRY PERFORMING?

The total volume of construction output increased by 8.0% in Q4 2022. However, it decreased by 0.8% over the full year and by 3.6% on a rolling four quarter basis. Construction output is 4.7% above the pre-Coronavirus pandemic level seen in Q4 2019. In Q4 2022, construction output saw the first quarter of growth after 3 consecutive quarters of decline. The increased output in Q4 2022 was driven by increases within, New Work (6.5%) and Repair and Maintenance (5.0%). The decrease over the year was driven by a decrease within New Work (3.8%), offset by an increase in Repair and Maintenance (4.2%). In Q4 2022, the Housing subsector increased (12.3%) over the quarter, however, both Infrastructure (4.6%) and Other Work (0.3%) subsectors decreased. (1)

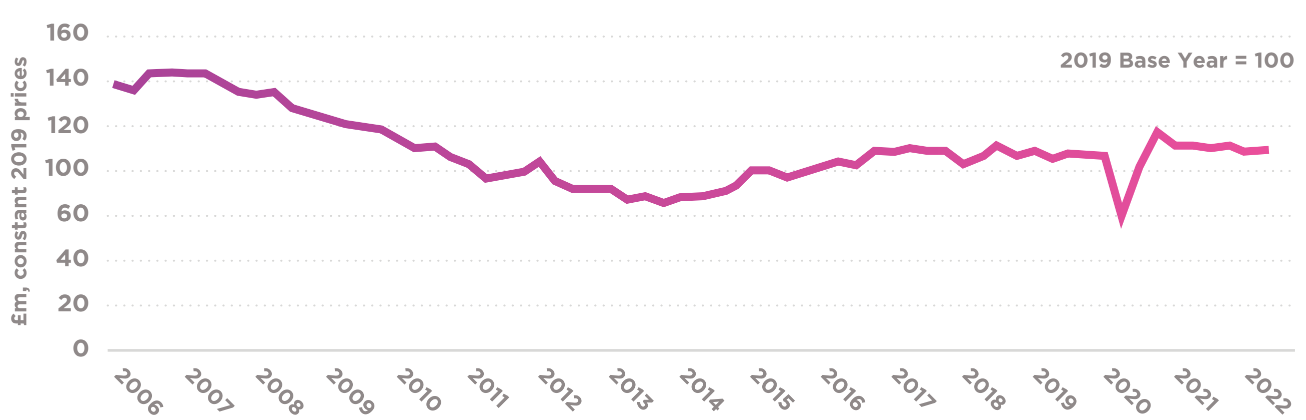
The FMB, The Federation of Master Builders state of trade survey found Q1 of 2023 to be more buoyant than the end of 2022, with a net increase in workload and enquiries. However, there has been a slight decrease in the net balance of employment since Q4 2022. Both workload and enquiries are in positive figures at 9% and 11% respectively. Employment was in negative (-3%). One in three FMB members reported a higher workload in Q1 2023 (33%) compared to Q4 2022, while a quarter (24%) stated their workload is lower. In addition to this, there has been a significant uptake in enquiries in Q1 2023 compared to Q4 2022, with two in five (40%) reporting an increase in enquires on the previous quarter. In terms of employment, nearly two thirds (65%) of FMB members reported no change in the number of employees in their company since Q4 2022. (2)

The increase in total workload and enquires is primarily driven by strong rebound in the repair, maintenance and improvement sector compared to Q4 2022. On balance, 14% of members in this sector report an increase. Members working in the industrial and commercial sector report a net decrease in workload (-11%) and enquires (-12%). The decline in activity in the house building sector has improved, which was reported at -18% in Q4 2022, which now stands at -4%. However, enquiries in this sector continue to be in decline. House building is struggling compared to the RMI sector, RMI can help act as a barometer for public confidence in the economy as it's often the first expense cut out of people's budgets. (2)

Looking forward the Construction Skills Network, (CSN report 2023-2027), reports NI construction output is expected to see an annual average growth rate of 1.4%, which is slightly below the UK forecast of 1.5%. This is a downward revision when compared to the previous 2022-2026 outlook as 2023 and 2024 are likely to be challenging years for the construction industry, especially for private housing and housing R&M work. (3)

Growth will arrive in the latter years of the forecast as the economy currently attempts to recover from all the recent challenges. In Northern Ireland the long-term growth rates are in new work and R&M, with private housing, infrastructure and commercial work all forecast to have the highest growth rates (+2%). Infrastructure investments and commercial projects such as the Belfast region city deal (BRCD), Belfast Transport Hub and the Tribeca Belfast urban regeneration scheme are all key to growth in NI. (3)

Construction Output 2006-2022 Northern Ireland



Source: Northern Ireland Statistics and Research Agency (NISRA)

WHAT ARE THE SKILLS AND TRAINING NEEDS OF THE INDUSTRY?

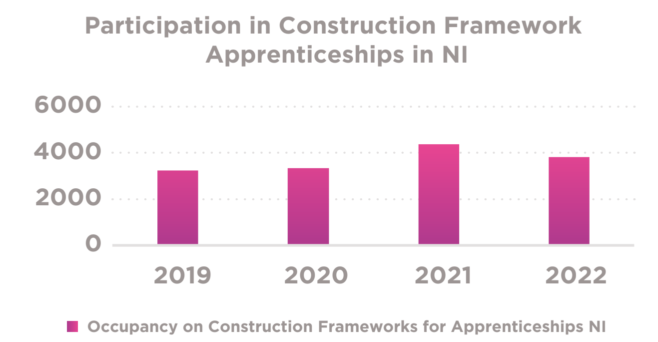
Current skills gaps and shortages

The 2021 CITB GB skills and training report found the occupations identified as being hardest to fill amongst construction employers to be labourers/general operatives (22%), carpenters/joiners (22%). and bricklayers (19%). (4)

More recently, the 2023 FMB survey similarly found, although difficulties recruiting has eased slightly, carpenters/joiners, bricklayers and general labourers are still seen to be the most difficult occupations to recruit. One in three 33% of FMB members struggled to fill these vacancies, which is higher than Q4 2022. Following the call by members in the last survey to allow for more skilled immigration, this information was fed back to the Government who went on to add vital skill sets, like carpenters, onto the Shortage Occupation List (SOL). The SOL dictates what occupations are in short supply and makes it easier for companies to hire them from abroad if they are listed. (2)

NI Apprenticeships

In Northern Ireland the trends for construction training have been different than the UK, with both apprenticeship starts and vocational qualification achievement data showing a steady increase in NI from 2019 to 2022. (Even before confirmation of 2022's full year results) Apprenticeship numbers are up 17.8% in 2022, when compared to 2019 as can be seen in the chart below.



(CITB NI Apprenticeship stats, January 2023)

Annual recruitment requirement (ARR)

The level of output growth in Northern Ireland is expected to be an annual average increase of 0.1% in the construction workforce, the same as the UK. This marginal change means NI's construction workforce will remain static over the next five years. It is expected the 2022 workforce of 61,900 will increase to 62,000 by the end of 2027, which means very marginal changes will be seen across the sectors occupational groups. (3)

Whilst workforce levels will remain static, there is still a need for the construction industry in NI to increase its recruitment of new workers. In a typical year, Northern Ireland's construction industry would recruit between 3,500 – 5,000 workers, within the usual movement of people in and out of the industry or workforce churn. Northern Ireland's ARR value for an extra 890 workers per year, represents 1.4% of the 2022 workforce, which is slightly lower than the UK rate of 1.7%. With output levels dropping and the workforce remaining static, this has attributed to the reduced ARR value when compared to the 2022-2026 outlook (1.8%), however, it also shows that the industry will have to increase recruitment to maintain its workforce numbers and expected output. (3)

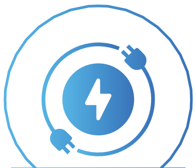
The following occupations have some of the strongest recruitment requirement levels:

330 per year

Non-construction professional, technical, IT, and other office-based staff

150 per year

Wood trades and interior fit out



150 per year

Electrical trades

WHAT ARE THE SKILLS AND TRAINING NEEDS OF THE INDUSTRY?

Futureproofing the industry

To facilitate future success, it is vital that leaders within construction take action to address the talent shortage. Tackling recruitment and technology challenges in tandem will help construction companies and sites become the best advertisement in attracting talent, not just for themselves but for the whole sector. Organisations must also invest in the skills that will meet growing needs such as net zero emissions. (5)

Purpose-driven organisations will attract more diverse range of employees into the industry. While implementing digital tools and processes, in times of talent shortages, could be what firms need to give them a competitive edge and maintain their post-pandemic recovery. It will not only help achieve longer term goals but help ease pressures within the workforce in the short term. (5)

Prioritising digital skills to address talent challenges

One fifth of construction professionals believe skills shortages in the next 10 years will be caused by a lack of digital and technology skills. Construction is going through a transformative period, as companies grapple with current challenges and rethink how they use technology to meet new standards. The industry will have an increasing need for specialists with digital skills such as virtual or augmented reality, artificial intelligence, and digital twins, in addition to upskilling existing employees. Firms not prioritising digital skills may struggle to keep pace. Investing in new technologies in conjunction with upskilling and recruitment efforts could give firms a competitive edge and protect their prosperity in the long-term. (5)

Future Skills

The Construction Leadership Council's Skills Plan for the UK identifies skills to deliver net zero carbon targets and digital skills as important for the industry going forward. Net carbon zero skills need to be developed for retrofit as well as new build and indeed all construction operations. Digital skills should help the industry's productivity, efficiency, sustainability and safety by embedding new innovations and digital technologies in workflows. (6)

Material & Digital Skills

The development of new materials and changing fabrication techniques will look to change the way infrastructure is designed, manufactured and lower the cost of building and maintenance. New applications of smart materials are already being seen in transport infrastructure such as solar roads that generate renewable energy and surfaces that self-detect or charge vehicles at speed. New materials, such as ductile or self-healing and low-76 carbon concrete, will change the design and build of infrastructure, and reduce annual maintenance costs and environmental impact to the likes of bridges and tunnels. Changes to fabrication methods, including 3D printing, will alter the way and location of where construction is occurring, offering the opportunity for onsite fabrication (or offsite manufacturing allowing for faster construction and higher quality production) reducing the costs of transport of materials and construction. (7)

Green & Net Zero Carbon Skills

The Building Skills for Net Zero report identifies 350,000 new construction roles needed by 2028 to support the Government's Net Zero strategy. By understanding the skills needed for the future we can help industry attract and train the next generation of workers and upskill our current ones by ensuring the right standards, qualifications and training are available. (6)

Investing in the skills required to drive innovation and to support greater and more effective use of digital technologies will be critical to construction. Although much of the initial focus of delivering Net Zero is on raising standards in existing approaches to new build and retrofit, we will only see accelerated progress by transforming the current standards and developing newer, better ones to follow. Innovation will also address many of our skills pressures both by boosting productivity and by creating a more attractive environment that will make it easier to attract and retain the skilled workers construction needs. (8)

Data Sources

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CITB NI provides a range of training related services for the NI construction industry. For further advice and guidance on these please contact:

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