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Mark Farmer's new landmark report calls for complete rethink of skills and training priorities to address construction industry's "hollowing out"

A new, independent review commissioned by the UK Government's Department for Education is calling for a **major overhaul of the construction skills system**.

The 2023 Industry Training Board Review, entitled '**Transforming The Construction Workforce**', and led by industry expert Mark Farmer, founder of Cast Consultancy, highlights the critical challenges facing the construction and engineering construction sectors, including **a declining workforce with growing skills gaps just at a time when there is an urgent need to meet ambitious growth targets for new homes, infrastructure, and the transition to clean energy**.

The review concludes that a **fundamental reset of the current Industry Training Board (ITB) model** is necessary to safeguard growth ambitions. The current system is not effectively addressing the sector's needs, and a more strategic, unified approach is required to build a more resilient, productive and skilled workforce. The review makes **63 recommendations** to transform how the industry approaches workforce development.

The Department for Education has accepted 34 recommendations without amendment, and partially accepted or accepted in principle 26 recommendations.

Farmer, who previously led a government [review](#) for both the Communities and Business departments in 2016 entitled *Modernise or Die*, has been a loud advocate of change across the industry.

Whole Workforce Approach

The review calls for a pivot from focusing solely on new entrants and apprentices, to a **'whole workforce' approach** that includes upskilling and reskilling existing workers. Industry Training Boards (ITBs) need to deliver more innovative and impactful programmes to drive at scale improvements in industry **competency, productivity, and retention**. The review emphasises a need to focus on both the employed and self-employed workforce.

Flexible Career Pathways: The review stresses the need for more **flexible, modular, and accelerated career pathways** into and through the industry. These need to have competence, work readiness and immediate productivity at their heart. The current focus on traditional, often inflexible apprenticeship formats is too limiting and innovation is needed including considering international approaches to

vocational training. The review has found that there is significant attrition between the number of post 16 year olds undertaking construction courses and the number finding long term employment and gaining vocational qualifications in the sector. There needs to be focus on routes to more absorption and retention of new entrants

Digital Workforce Planning: The review proposes the implementation of a **strategic and digitally enabled workforce planning platform** to better model demand and associated skills needs in the construction industry. This tool should aim to improve the deployment of existing workers and help employers have more confidence in investing in training, by providing better visibility of when, where, and what skills are needed. This platform should link data driven future workforce demand modelling to the current workforce supply side picture via a national digital skills passport system (see below).

Digital Skills Passport: A key recommendation is the introduction of an industry-wide **digital skills passport system** to improve worker quality assurance. This system will record and monitor worker competencies, moving beyond basic health and safety matters and also capturing the ongoing maintenance of skills to reflect rapidly changing standards and methods of building, ensuring a more competent and productive workforce.

New Compliance Approach To Workforce Quality: Building on the digital skills passport concept, the review emphasises the need to move beyond pure financial incentives for training like the levy and grant system, and calls for a new focus on a **minimum standards-led workforce** with better validation and policing of whole workforce capability spanning both directly and self-employed workers. This also needs to go beyond the current industry focus on building safety.

Harness Operational Efficiencies & Common Purpose: The review proposes a reform of the ITB operating model, and a move towards a **more efficient structure**. This includes the **ultimate merger of the two existing ITBs (CITB and ECITB) into a single, repurposed body** with a whole-of-workforce focus, and a balanced accountability between industry and government. This new body should be tasked with improving workforce resiliency through a single combined strategy but respecting the varied specific needs of engineering, construction and homebuilding.

Missed Opportunities

The Government has rejected 3 recommendations due to being outside of the review's scope or challenging the statutory accountability of the ITB's. This includes recommendations for the government to use public procurement and planning conditions more intelligently to drive better workforce outcomes. It is hoped appropriate government departments pick up these separately otherwise there could

be missed opportunities to leverage innovative thinking via the new Procurement Act and the Government's current focus on planning reforms.

A Call for Change

This isn't just about training, it's about ensuring that the construction industry is fit for purpose, and ready to deliver major infrastructure projects, new homes, and the green transition. The review emphasises the need for a **new compliance approach**, moving beyond purely financial incentives for training, and a renewed focus on a minimum standards-led workforce with better validation and policing of the workforce. The logic is that **a more competent and quality assured workforce will be more productive and take some pressure off daunting new recruitment needs**. This review represents a last throw of the dice to prove a new ITB model can be much more effective.

The review author, Mark Farmer, founder of Cast Consultancy, pulls no punches when he says: "There is a sense that many are persevering to make a difference whilst feeling that they are fighting the tide. Collectively we need to think and act differently if we are going to make all this hard work and effort really count going forward."

Referring to the loss of skilled workers during periods of economic contraction, which then makes recovery more difficult, Farmer adds that immediate action "is crucial to offset the **hollowing out of the workforce** which we see in every economic cycle including in the last 2-3 years during the most recent downturn."

He continues:

"If we are serious about cementing growth and future proofing the industry, then we cannot ignore the capacity gap that is widening across our construction sector. The report highlights construction is at its lowest employment level since 1998. Since the previous employment peak pre-Global Financial Crisis in 2008, construction employment has fallen by 20% . But in the same period, the UK's population has grown 10%. These stark numbers now necessitate a rethink on how we arrest the decline.

"Importantly, we cannot just assume we are going to recruit our way out of this crisis by setting ever more unattainable new entrant targets. This review confirms that the industry has a basic attraction and absorption problem that needs to be urgently addressed, but in the meantime we need to be able to do more with the resources we already have.

"The industry struggles for many different reasons to modernise and improve its productivity but there remains a significant training-led opportunity to raise the

capacity and capability of the existing and future workforce. I am convinced that with the right leadership from ministers and with a reformed ITB intervention, key parts of the engineering, construction and homebuilding industries will get behind the review's call to arms and endorse the need to think differently.

“Doing nothing is not an option and there is now a clear and present danger to Britain's growth plans, which are underpinned by building new housing, infrastructure and green energy sources.”

Key Recommendations

The review proposes a significant shift in focus and approach with a number of key recommendations.

- **Recommendation 1:** The ITB model should be retained in terms of its basic statutory mandate but its strategic priorities, core capabilities and activity require **wholesale transformation**. This all needs to be ruthlessly focused on addressing the fundamental workforce resilience challenges facing the construction and engineering construction industries.
- **Recommendation 2:** The statutory levy-grant system should also be retained but modernised and refocused to ruthlessly drive measurable outcomes linked to the new priority industry challenges. SMART KPIs should be developed aimed at maximising outcomes from levy spend with more balanced accountability between industry and government.
- **Recommendation 3:** A fundamental reset is required across both ITBs to change both direction and effectiveness. There is a common fundamental challenge which both industries face in terms of declining workforce resiliency resulting in growing workforce gaps and skills gaps and a more strategic and unified approach spanning both industry sectors should be adopted including operational convergence / merger after a suitable transition, minimising disruption to ongoing activities
- **Recommendation 4:** Three new core strategic objectives are established which guide all priorities and a reset strategic plan: Improve industry's workforce competency & the ongoing maintenance of its currency; Improve industry's project level productivity & quality assurance in conjunction with other parallel regulatory reforms; and Improve industry's strategic level workforce retention and utilisation.
- **Recommendation 6:** There is a need for a much more strategic demand planning and linked work brokerage function which can enable skills and competency supply to be better matched to demand over time and geography, including potential for transferable skills within industries, including across engineering construction and construction, to be better identified and exploited and for employers to be able to make more informed decisions on investing in human capital.
- **Recommendation 7:** Industry leaders need to increasingly recognise the role their organisations can play in assisting with this training effort alongside providers as part of their social impact and their own direct workforce development responsibilities.

- **Recommendation 10:** Existing best practice worker card systems need to be translated towards a single strategic platform capable of measuring and policing worker occupational competency, beyond basic health and safety matters.
- **Recommendation 11:** End client entities, not just employers from both engineering construction and construction should also form a much stronger part of the leadership and governance of the new body.
- **Recommendation 12:** DfE should, by exception, carefully explore and consult with industry on a modified legislative scope order, aimed at resolving the most obvious anomalies. These appear to be in new and emerging sectors in engineering construction and potentially in areas related to integrated mass building retrofit.
- **Recommendation 13:** The ITBs and subsequently the new body should seek to meet a 5% efficiency saving target, and the post-review changes should yield savings of at least 5% from operational expenditure, in line with Cabinet Office Guidelines. This should include a rigorous examination of the functional need for current staffing levels and propose ways to make significant savings.
- **Recommendation 14:** The ITBs and subsequently the new body should consider publishing clearer evidence of levy spend to show the split between funding spent directly on training and the costs of running the organisation.

About the Review

The *2023 Industry Training Board Review* was led by Mark Farmer, Founder & CEO of Cast Consultancy and a recognised expert in the construction industry. The UK Government commissioned the review as part of its periodic Arms Length Body Review programme to assess the effectiveness of the current ITB model and make recommendations on its continued role.

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Notes for Editors

Summary Facts:

- There were originally 27 training boards established under the Industrial Training Act 1964 to address sector specific market failures in skills and training
- The construction and engineering construction sectors are the last two remaining sectors subject to this statutory intervention which includes levy raising powers on employers in the sector
- The construction industry is at its lowest absolute level of employment since 1998

- The construction industry continues to experience static or falling levels of productivity so a reducing workforce means significant erosion of capable capacity
- Approximately 30% of the construction workforce is due to retire in the next 10-15 years with over twice as many workers aged over 35 than under 35. The number of 16-24 year olds in the industry has reduced between 2011 and 2021.
- The review has found that there is now a growing risk that labour supply constraints, workforce scarcity and skills misalignment may create a dangerous cycle of unsustainable wage inflation, further falls in productivity and increased variability in the quality of work carried out by the industry