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**HOMES FOR SCOTLAND RESPONSE TO THE REVIEW OF
THE INDUSTRIAL TRAINING BOARDS UK GOVERNMENT
CALL FOR EVIDENCE**

23 MARCH 2017

ABOUT HOMES FOR SCOTLAND

Homes for Scotland is **the** voice of the home building industry.

With a membership of some 200 organisations together providing 95% of new homes built for sale in Scotland each year as well as a significant proportion of affordable housing, we are committed to improving the quality of living in Scotland by providing this and future generations with warm, sustainable homes in places people *want* to live.

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PROCESS

Homes for Scotland represents members on a wide range of issues affecting their ability to deliver much needed homes.

Our views are endorsed by operational committees utilising the skills and expertise of key representatives drawn from member companies.

This response has been discussed, drafted and approved by the Technical and Environmental Advisory Group on Skills & Training.

HOMES FOR SCOTLAND RESPONSE TO THE REVIEW OF THE INDUSTRIAL TRAINING BOARDS UK GOVERNMENT CALL FOR EVIDENCE

Homes for Scotland (HFS) is the voice of the home building industry in Scotland, with a membership of some 200 organisations together providing 95% of new homes built for sale each year as well as a significant proportion of affordable housing. We are committed to improving the quality of living in Scotland by providing this and future generations with warm sustainable homes in places people want to live.

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Skills & the Levy

Do you believe that the way the sector operates, sub-contracting and movement of skilled workers between companies, means a Levy and Grant System is still needed? Without the levy do you believe the sector would invest less in skills and training?

Many of our members have serious doubts regarding the future role of CITB and the Levy and Grant system. To date, our conversations with members have suggested that the current Levy and Grant system does not fully meet the needs and requirements of the home building sector.

In particular, there are issues surrounding the equality of the CITB grant support offer, whereby the Levy paid (in respect of all company employees and supply chain labour) is not equally representative of the grant support available to the wide range of roles including the non-construction roles that support activity within the sector. Additionally, as it is common for the sector to sub-contract labour, home builders typically receive a significantly lower return on levy paid in terms of grant received than other parts of the construction industry.

It is also believed that the introduction of the Apprenticeship Levy has significantly compromised the role of CITB. The Apprenticeship Levy is perceived to be an additional tax on the sector duplicating the remit, scope and financial impact of the current levy and grant system. Given that these funds largely replace the funding the Scottish Government previously received, as a traditional share of existing departmental apprenticeship spend, the benefit of an additional training levy remains unclear. We do not understand why the UK Government did not consult with the sector, or the Scottish Government, prior to announcing a policy that has generated uncertainty about the future of the existing ITB structure and to skills development across the UK.

Despite this uncertainty, it is not believed that the absence of a levy and grant system will result in reduction in terms of skills and training investment. In fact it is suggested that direct access to funds that would have otherwise been absorbed into the levy system could be more strategically utilised to meet specific sector skills needs.

The current system is overly bureaucratic and resource intensive for companies, requiring dedicated staff resource to ensure that a return is made upon their levy investment. This defeats the purpose of investing in skills development which should not be focused – as it currently is - on ensuring a return on levy payments, but focused upon developing specific business and sectoral skills required to meet the industry's needs and requirements.

To what extent does the grant system help address the industry skills shortfall? Are different types of ITB incentives, given the way companies operate labour, required?

As noted above, there is considerable scepticism over whether the current levy and grant system can realistically address industry skills shortages. The sector view is that where the system is to continue, it would need to be adapted to better support all construction sub-sectors who pay into the system. In particular, greater flexibility is needed to help the home building sector work more strategically with stakeholders and supply chains to drive skills investment that meets actual sector requirements.

What is needed to help business overcome specific skills challenges and drive innovation? Is there a role for levy and grant to encourage innovation and new working practices?

Generally, it is felt that the Levy and Grant system does not drive innovation or support business to overcome specific skills challenges. Modernisation will be vital if the sector is to support the common aspirations of both UK and Scottish Governments of delivering new housing at volume to help tackle the existing housing crisis across the UK.

Properly targeted grant support could encourage, incentivise and support the sector to invest in training new entrants, upskill the existing workforce, and support the development of new skills that help drive innovation in working practices. However, this would rely on a future Levy and Grant system being much more responsive to sector requirements.

Are the types of construction activities subject to levy clear enough? Do you think the activities of the ITBs (their “scope”) could be better defined?

As noted within the response to the first question, our members believe that the current Levy and Grant system does not fully meet the needs and requirements of the home building sector, in particular with regard to the inequality of grant availability for the non-construction roles that support activity within the sector. We understand that current proposals from CITB would exacerbate this issue, further reducing the eligibility of non-construction roles from grant support.

For a Levy and Grant system to continue, consideration needs to be given to giving non-construction roles equal status to core construction roles in terms of grant eligibility, or excluding these roles from the scope of the Levy. That said, it should be noted that the evolution of new construction roles due to innovation and technological advancement will require a more flexible approach to the scope of core CITB support mechanisms.

The Industrial Training Boards

In general terms, do you think your ITB supports the industry?

Whilst it should be recognised that CITB has positively engaged with the sector, our members have raised serious doubts as to the value of support that CITB provides to the home building sector.

What value do CITB and ECITB deliver, to your company and to the sector? Based on your experience – what ITB activities are valued? What are not?

The value proposition of CITB is dependent on the size and make-up of individual home building companies, where companies more active in directly supporting construction related training and apprenticeships seeing a greater return on their Levy investment.

Generally, it is not believed that CITB provides good value to the majority of the home building industry at present.

Are the services offered by the ITB’s understood? Are Grants and support easy to access?

CITB services, such as the grant scheme as well as structured and flexible funds, are generally not communicated well enough to the sector. Access to grant support can be described as bureaucratic and difficult to navigate, which can act as a barrier to smaller home builders accessing grant to support training activities. This is an area which needs to be properly addressed if the current Levy and Grant system is to continue.

Do the ITB's have a clear enough role? If there is still a role for the ITB's – what should their priorities be? What leadership role, if any, should they play?

Many members feel that there are too many elements to CITB current role which distract the organisation from its core function. It is suggested that CITB could play a greater leadership role for the industry, but also better represent the sub-sectors that make up the wider industry such as home building. Furthermore, CITB should also play a greater role in promoting the industry to new entrants as well as assist in the development and provision of entry level training.

What specific challenges should CITB and ECITB look to address? Should the ITB's offer greater levels of support for priority skills? With less resource available for other areas?

From our discussions with member companies and wider industry stakeholders it is clear there are significant skills issues encompassing all built-environment professions, impacting not only home builders, but also supporting professions including planning and verification activities. We believe that CITB should focus on the promotion of the industry and its wide range of careers as a core activity. Furthermore, consideration should be given to how CITB better reflects the needs of sub-sectors including home building if the existing ITB system is to continue.

Do you believe the ITB's current activities help produce site ready new entrants? What skills, attributes in individuals are missing? Should the ITB's have a wider role with those seeking to enter the industry?

It is not thought that the CITB activities help produce site ready new entrants; however our members support the activities that have been undertaken recently in helping attract new entrants to the sector, such as Go Construct. We believe that CITB could still play a greater role in helping to ensure training pathways and employment opportunities to the sector align with the expectations of young people.

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