# Skills for a Sustainable Skyline

## Rapid Evidence Assessment for the SSS Taskforce

Executive Summary
April 2022

In June 2019, in response to the threat posed by man-made climate change, the UK Government announced the ambition to achieve Net Zero emissions by 2050.

With almost one quarter of UK greenhouse gas emissions coming from the construction and operation of existing buildings, and with over one third of these emissions originating from commercial premises or public buildings, decarbonising the non-domestic built environment must be central to realising these ambitions.

As a global centre for commercial real estate – accounting for almost one in ten non-domestic premises in England and one quarter of its rateable value – it is hard to overstate the importance of delivering on Net Zero targets for the built environment in Central London. The City Corporation's Climate Action Strategy sets out an ambitious plan to reach Net Zero in the Square Mile by 2040, recognising this as vital to securing and advancing its position as the leading international financial, business, and maritime centre in the world.

Workforce skills will be crucial. The transition to Net Zero will reconfigure the workforce, creating new occupations and requiring new competencies amongst existing workers.

This will occur in an industry where there are long-running skills shortages and skills gaps; where investment in skills is low; and where education and training provision can be slow to adapt to employer need. Building a workforce that can deliver Net Zero is therefore hugely challenging, since it will require stakeholders to overcome barriers created by the prevailing structure and culture of the industry and address failures of the current skills system.

These skills problems threaten to undermine progress toward sustainability and the Taskforce's aspirations for the built environment in Central London.

The Corporation has established the Skills for a Sustainable Skyline Taskforce (SSS Taskforce) to bring together stakeholders and utilise their expertise, influence and goodwill to meet this challenge.

**Vision of the Skills for a Sustainable Skyline Taskforce:**

*"through attracting and reskilling Londoners, there is a skilled workforce that will build and maintain a world-class Net Zero carbon built environment for the Square Mile and Central London."*

The City Corporation asked Work Advance Ltd to undertake a rapid assessment of the evidence to inform the work of the Taskforce.

There have been three main strands of activity:

1. Review the substantial, relevant literature from Government, industry and professional bodies and organisations concerned with sustainability and skills, particularly for the commercial property sector.

2. Examine meeting notes from almost one hundred preliminary consultations undertaken during the scoping phase of the SSS Taskforce, drawing out key themes and messages.

3. Consider available data on skills shortages, gaps and the supply of relevant training and development.

This assessment has sought to succinctly set out known skill issues; deficiencies in the evidence base; and opportunities for the SSS Taskforce to advance new research and activities that respond to these issues.

This Executive Summary presents conclusions from the research and recommendations for the SSS Taskforce Strategic Board. Please refer to the accompanying research report for further information and analysis.

For further details about this work, please contact Heather Carey, Director, Work Advance, at hcarey@workadvance.co.uk.

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SKILLS FOR A SUSTAINABLE SKYLINE

# Assessment of the evidence

## What we know

**1. The demand for 'green jobs' is already growing and is forecast to expand strongly in the years ahead.**

As Covid-19 restrictions have eased, there has been a bounce back in building and refurbishment activity and demand for occupations required for the 'greening' of Central London grew sharply in 2021. [1]

The number of green jobs in "Homes and Buildings" across London (inc. retrofit, building new energy-efficient homes, heat pumps, smart devices and controls, heat networks and hydrogen boilers) is forecast to rise from 58,200 in 2020, to 151,700 by 2050 – though it is important to note that this includes both the domestic and non-domestic sector.[2]

**2. In addition to accomodating growth, there is a need to replace those leaving the workforce.**

Across the UK, 750,000 construction workers are expected to retire or be on the verge of retirement in the next 15 years. Brexit is also impacting the supply of labour, with reports that the number of EU-born construction workers in London has halved in two years.[3]

CITB estimates the construction industry will have to increase current recruitment by 3,450 new workers each year in London as a whole to deliver the expected work between 2020 and 2025, although the largest drivers for this will be infrastructure and private housing.[4]

**3. Recruitment difficulties and skills shortages are already widespread.**

Construction businesses are worst affected and recruitment difficulties are becoming more acute post-Covid. Six in ten construction businesses found it difficult to fill vacancies in 2021, up from 30% in 2018.[5]

There are also skills deficiencies amongst the existing workforce, with one third of construction employers reporting workers lack skills and competencies that are critical to operate effectively in their job.[6]

Skill shortages and gaps affect a very wide range of roles and skill areas, including trade and professional roles; technical, digital, and soft skills.[7] Underlying causes of recruitment difficulties relate to: low numbers of applicants; a shortfall of young people being trained; competition for labour; and a lack of applicants with the right skills, experience or qualifications.[8]

**4. Despite a plethora of technical qualifications, there are gaps in training provision and questions over relevance.**

There is substantial provision related to the built environment: 109 Construction Apprenticeship Standards[9]; 1,121 other regulated qualifications[10]; 72 free level 3 qualifications in building and construction[11]. But courses relevant to green jobs are far fewer in number.

Research suggests that the skills required for retrofit and traditional buildings are relatively underserved and in need of review; that there is wide variation in participation in green skills courses in Building and Construction across London Boroughs; and that the offer is skewed towards Level 2.[12]

Publicly-funded courses have been found to be quite broad, providing a range of skills, rather than specific competencies related to the green transition. Research suggests that employers view the process of accrediting new qualifications or updating existing ones as protracted and onerous.[13]

**5. Rapid scaling up of the number of learners is needed.**

In 2019/20 there were 6,250 learners enrolled on AEB[14]-funded Building and Construction courses, but far fewer learners enrolled on specialised courses that would deliver skills needed to support the greening of non-domestic premises in Central London. [15]

There is significant consensus that to deliver on Net Zero targets, there is an urgent need to rapidly scale-up the supply of talent to the industry. [16] But research suggests that if the sector were to rely on education leavers alone this would amount to a ten-fold increase in business' recruitment from education over current levels. Attracting and reskilling workers from others sectors will therefore also be vital.[17]

**6. Wider structural barriers could, however, inhibit progress.**

Despite the construction skills levy, employer investment in skills is low. In 2021, only 36% of construction employers funded or arranged any training for their workforce,[18] with the cost and opportunity cost of training[19]; difficulties in demonstrating return on investment[20]; and a lack of incentives[21] acting as key constraints.

Young people tend to be put off by the image of the Construction industry[22], although commentators argue that modern methods of construction and digital roles have the potential to make the industry more attractive to a wider range of young people.

There are long-standing concerns about the lack of diversity and inclusion. Despite growing awareness and action to address this, women, ethnic minorities and people with disabilities remain significantly underrepresented in nearly all occupations in Construction[23] and there is evidence of inequality in pay and progression[24], a lack of diversity in leadership.[25]

## What we don't know

Despite significant efforts to quantify the growing demand for green jobs and skills, the availability and quality of evidence diminishes considerably as we move from high-level, UK-wide analysis at a broad sector level, towards more specific and granular insight on the jobs, skills and competencies required to transition to a Net Zero built environment in Central London.

There are important knowledge gaps that remain, relating to: detailed information of the project pipeline; skill shortages & gaps; future labour demand & skill needs; education and training provision; and the business case for skills investment.

# Strategic opportunities for the SSS Taskforce

work advance

In convening the SSS Taskforce, the City Corporation and all those partners involved, have the opportunity to work collaboratively to position Central London as an international 'green skills demonstrator', offering practical, 'real-life', 'real-time' insight to address evidence gaps, advance new pilot projects, and leave the legacy of a more responsive and agile skills system that will ensure a skilled workforce, fit for a Net Zero future.

We highlight four potentially transformational opportunities for the SSS Board to consider, focussing on Year 1 evidence gathering and scoping activities.

Together these activities have the potential to shape a coherent programme of work where the sum is great than the parts.

Action in these areas would increase the supply of skilled workers, support up and reskilling of the workforce, and reduce skill shortages and gaps, while improving workforce diversity. These outcomes would, in turn, enhance productivity and firm performance, enabling growth and decarbonisation of the built environment, ensuring Central London meets its decarbonation targets and maintains its status as a world-leading location for business.

## 1. Labour Market Intelligence:
Pioneering a new approach to anticipating future skill needs

**Why?**

There is a lack of evidence on the current and future skills needed to enable the 'greening' of Central London's commercial built environment.

**What?**

» Collate intelligence on the pipeline of commercial projects across Central London, including detailed information on the project type; scale; delivery model; phasing; and estimated labour demand.

» Assess the feasibility of a central repository of real-time, granular, information on available job roles; time taken to fill vacancies; and causes of recruitment difficulties.

» Scope a series of skills demand demonstrator projects that could provide detailed insight on the skills and competencies required across the lifecycle of a sustainable, non-domestic built environment and inform skills forecasting models and national occupational / apprenticeship standards.

## 2. Green Skills Pathways:
Create clearer, more coherent and flexible routes into the Industry

**Why?**

There are gaps in current training provision and progression pathways are ill-defined. Employers view qualifications as too traditional, failing to reflect the latest green requirements, and the process for accrediting and updating qualifications as too lengthy and onerous.

**What?**

» Map learning pathways to identify where there are gaps in provision; where there is a need to update curriculum, course content and teaching resources; and where there is potential to advance new qualifications that address current skill shortages and future skill needs of the workforce.

» Undertake research with providers and awarding bodies to assess the feasibility of a new suite of flexible, modular, micro-credentials; digital badging and onsite accreditation, to support the up/reskilling of the existing workforce.

## 3. Employer Investment in Skills:
Strengthening and evidencing the business case for skills investment

**Why?**

Employer investment in skills is low, undermined by a lack certainty in the pipeline of future Net Zero non-domestic projects and evidence on the commercial case for investing in green skills.

**What?**

» Map the future pipeline of Net Zero non-domestic public building projects in Central London, exploring scope to promote consistency in demand for sustainability skills, including through the use of S106, CIL and procurement standards.

» Scope a series of skills investment demonstrator projects that could showcase best practice in workforce development and capture data on environmental and commercial returns.

» Undertake research with employers to better understand barriers to skills investment and explore options for addressing these issues through new resources, events and other activites.

## 4. Talent Attraction:
Inspire upskilling and attract new, diverse, entrants

**Why?**

There are long-standing challenges around appeal and access. It is vital that the sector invests in attracting talent and widening and diversifying the pool from which it currently recruits.

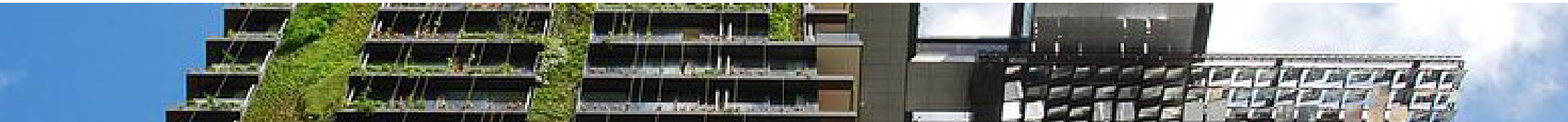
**What?**

» Map potential sources of new talent to the industry, exploring the transferability of skills from other sectors and associated retraining need; as well as groups under-represented in the Industry.

» Scope a major talent attraction drive, that could leverage the global city brand, Taskforce vision and deploy Associate Members as visible and vocal advocates.

» Review the potential to use procurement standards to increase employer engagement in inspiration activities (e.g. school visits, placements and mentoring)

» Map existing diversity and inclusion initiatives across London that the Taskforce could connect with, to widen access to the opportunities created.



# End Notes


1. GLA Economics based on EMSI data

2. Edgar et al. 2021

3. Watkins & Hochlaf 2021; Price 2020

4. CITB 2021

5. Harlow Consulting 2021

6. Harlow Consulting 2021

7. Boniface 2022; Eunomia Research & Consulting 2021; Minio-Paluello & Markova 2021; Fingleton et al. 2021; Institution of Engineering and Technology 2021; Link 2021

8. Harlow Consulting 2021

9. Institute for Apprenticeships and Technical Education

10. Ofqual

11. UK Government

12. Boniface 2022

13. Edgar et al. 2021; Boniface 2022

14. Adult Education Budget (AEB)

14. Boniface 2022

15. Climate Change Committee 2020; CITB 2021

16. Edgar et al. 2021

17. Harlow Consulting 2021

18. Hasluck et al. 2008; Hogarth et al. 2012; Eunomia Research & Consulting 2021; Boniface et al. 2022

19. Keep et al. 2002; Bartel 2000; Walsh 2017

20. Boniface et al. 2022; Link 2021 and Watkins & Hochlaf 2021

21. YouGov 2015; Stace 2022

22. ONS Annual Population Survey 2017-2019;

23. Women in Construction 2018; Construction Manager, 2020; Aboagye-Nimo et al, 2020

24. CLC, 2021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