

The issues facing the industry

This paper sets out the nature and scale of the skills challenges as seen by engineering construction Employers.

The industry is at a turning point in that the supply of suitably qualified personnel in the UK workforce has tipped into shortage. Demand for people is forecast to rise further, despite the current economic climate, increasing pressure on the labour market.

Employment costs are rising rapidly in some disciplines. There is increasing evidence of poaching and European sources are becoming more difficult to access.

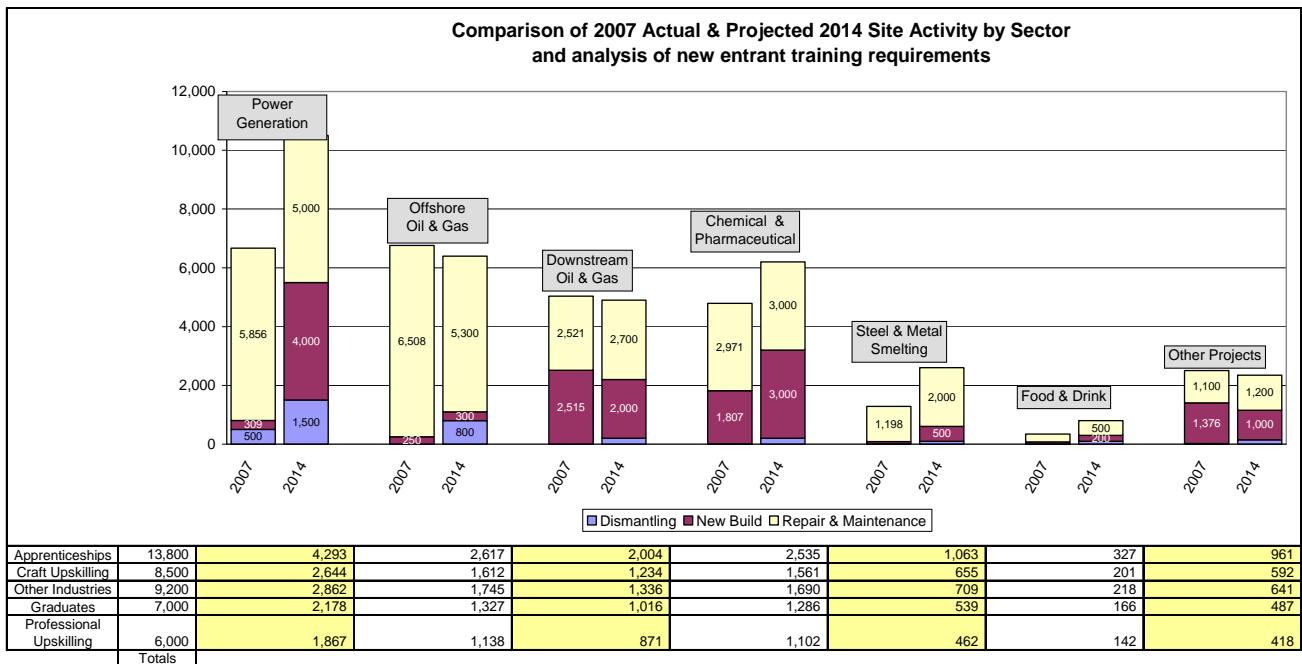
Business expansion is being compromised by lack of suitable people and future Client investment in the UK is increasingly at risk.

The key challenge is to increase investment in skills and training now to help to improve competitiveness and sustain business growth. The issues are manageable with increased investment and cooperation across the industry, building on the solid foundations that already exist.

Workforce Demand

Consultation across the industry has generated the clearest picture possible as to the current and future skills needs. In simple terms ~44,500 people need to be recruited and trained at an annual rate of 6,325 to fulfill demand. At current rates the industry is keeping pace with retirees, but is not increasing to meet demand growth, more is needed.

The chart and tables below show manpower forecasts and the new entrant and upskilling requirements by 2014 by major sector. Power generation shows the greatest demand as the power station fleet needs replacing with new coal and nuclear stations.

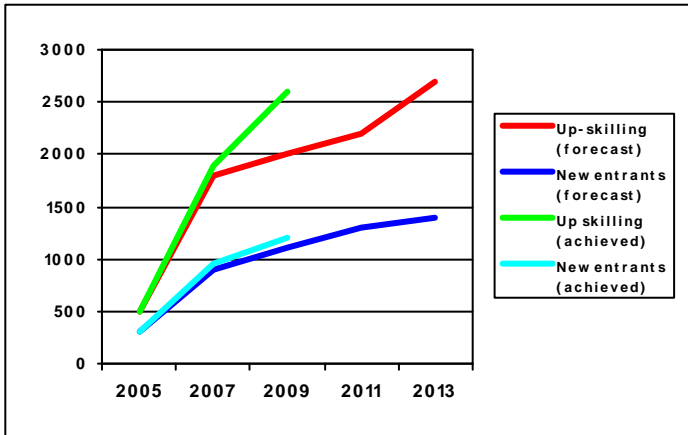


Off-site Skill Category	2007 Population	Average annual need	Total need to 2014	2014 Population
Senior Management & Project Management	4,278	471	3,294	5,177
Engineering Design & Project Engineering	14,667	1,613	11,293	21,181
Administration & non technical support	8,556	941	6,588	11,747
Total off-site workforce	27,500	3,025	21,175	38,105

On-site Skill Category	2007 Population	Average annual need	Total need to 2014	2014 Population
Professional Engineering and Technical	4,800	528	3,864	6,592
Management & Supervisory	2,400	264	1,846	3,296
Skilled Craft & Technician	18,000	1,980	13,843	24,720
Semi-skilled & technical support	4,800	528	3,691	6,592
Total on-site workforce	30,000	3,300	23,244	41,200

2005 to 2013 activities

The chart below shows ECITB performance to date compared to the 2007 forecast levels.



Improvement in apprenticeship delivery and expansion of both approved provider network and training grants has increased output beyond expectations.

Over the next five years the ECITB will invest around £100 million in support of training and this is expected to lever Government support of over £60-70 million.

The training levy arrangements will be kept at existing levels at least to 2012 (approximately 20p per worked man-hour on-site and 3p off-site).

Further efficiency gains will be sought along with leverage of government support and additional employer investment to increase output so that a sustainable, competitive workforce is created.

The ECITB will continue to:

Build very strong links between employers and drive regional delivery.

Develop and drive the network of approved education and training providers to deliver to standard against employer needs.

Open and build new channels, eg ex service personnel, young offenders and unemployed to access accredited training.

Support employers in accessing external finance and building their capacity to train.

Provide a one-stop-shop for assuring competence, including for overseas personnel.

Provide flexible delivery options to meet short and long term training requirements.

Design and maintain a new qualifications framework to provide better entry and progression pathways.

2007/2008 ECITB Performance

Almost 2,000 apprentices in training (2007: 1,400+) & 200 completions (2007: 200)

Recruited over 750 apprentices in 2007 (2007: 600+) 4,500 units of skills training for existing workers and new entrant adults (leading to 270 level 2 N/SVQs (2007: 290) and 2065 at level 3&4 (2007: 1700))

Supervisory and Project Management training for 3,700 people (2007: 2,200)

Certification of 1,530 N/SVQs Level 3 for Assuring Competence in Engineering-construction (ACE) and 50,500 safety passports

A programme of discretionary grants for employer specified training for over 6,262 learners

Over 170 companies are currently engaged with ECITB 23 new centres have been approved to deliver ECITB training, bringing the total to 220 centres.

Over 10,000 learners were supported in Skills & Technical, including through flexible grants being awarded through Regional Discretionary funds

A total of 12,867 learners through the ECITB system throughout 2008

The view of the ECITB Board

Employers recognise the need and are investing more in training now to solve skills problems.

Safety demands, power sector growth and maintaining the integrity of process plants generally are likely to give upward pressure on the demand for competent people.

Demand growth is likely to weaken in 2009 and rise again in 2010-2014. By 2014 the new build programme for nuclear stations will begin and demand in that particular sector will rise substantially.

Training capacity building amongst training providers and employers is a priority for 2009 and beyond.

Increasing output and value to the industry has always been the fundamental goal of the ECITB. Our commitment is to maintain the momentum we have established.

Chief Executive - ECITB

Chairman - ECITB