
Briefing 4: Skills deficits in construction and the policies to address them

The following briefing note summarises some of the key findings and recommendations from NEF's recent report for Hampshire County Council, 'A Green Economic Recovery for Hampshire'. For the full report see [Hampshire 2050/NEF](#)

Background

A sufficient supply of skilled labour for low-energy construction activities is critical to construct and retrofit buildings that require near-zero energy, embed digital technologies, and minimise emissions from construction. With domestic emissions accounting for 24% of overall emissions in Hampshire and 27% of energy use,¹ the need is clear. At a national level, UK heat-pump installations are expected to expand from 26,000 in 2019 to over 400,000 in 2025.² Four per cent of Hampshire's workforce is currently employed in activities related to construction, but 20%–25% of the UK's construction workforce is expected to retire within the next decade.³

Recommendation: Map the demand for labour for retrofit against supply and identify shortages

The council should map the demand for and supply of retrofit-related skills (Briefing 7), and combine this to map skills shortages related to low-energy construction. This analysis should enable the council to better understand how adequately existing skills and suppliers correspond to Hampshire's housing stock. The council can take a strategic oversight role through the one-stop shop to match demand to supply.

Recommendation: Develop a net zero construction skills strategy to address current skills gaps and achieve wider objectives in low-energy construction

After the council has mapped the demand for labour for retrofit against supply (Briefings 6 & 7), it should implement a strategy for addressing existing skills gaps. The council should engage local businesses, colleges, and community groups throughout this process and build a plan that targets certain cohorts of the existing workforce – those with specific skills levels, for instance – for retraining to meet the need. The council should also promote its recommendations for inclusion within Local Plans.

Recommendation: Work with lower-tier authorities to ambitiously utilise planning powers to support a net-zero construction skills strategy

In major developments, the council should be made aware of job opportunities and apprenticeships through planning obligations so that local people from underrepresented social groups can be given the opportunity to fill these vacancies. Councils have historically used such approaches to increase the number of trainees per development and the diversity of the labour force. Hampshire should work with lower-tier authorities, training providers, and contractors to embed these requirements into Employment and Skills Plans (ESPs) and Section 106 agreements (s106s). Setting ambitious targets that require that women constitute 30% of the construction workforce as a whole, and at least 50% of trainees on certain developments, would help drive up female participation in the sector. The council should identify similar targets for ethnic minority participation.

The UK Green Building Council and other council leaders have strongly advocated⁴ for councils to retain the ability to set higher building standards for dwellings. Such powers have been kept for now, as detailed in the government's response to the Future Standards Consultation.⁵ The council should continue to advocate for these powers as a tool and use them to reduce the operational carbon emissions of new developments. Southampton City Council⁶ and the Greater London Authority⁷ have utilised these powers to set higher energy efficiency standards for new developments, which Hampshire should emulate and build on. Additionally, Hampshire should use them to support the demand for Initial Vocational Education and Training (IVET) and Continuing Vocational Education and Training (CVET) in low-energy construction. It would also be preferable for higher national standards to be set so that all areas progress energy efficiency at a certain minimum standard.

The council should also collate statistics from ESPs to track progress in training young people against the need identified in the council's mapping for the demand for retrofit against supply, as well as its net zero construction skills strategy.

Recommendation: Utilise procurement powers to support a net-zero construction skills strategy

The council should embed its strategic aims into its procurement system, for instance by seeking that council construction contracts meet certain diversity-related targets and higher energy efficiency standards. Hampshire should work with lower-tier authorities, training providers, and contractors to embed these practices countywide.

The strategic insourcing of key public services has been employed by councils across the country, from Islington to Preston⁸ to improve living standards in their areas. Nottingham City Council, Leicester City Council, Glasgow City Council, and others have established arms-length construction organisations. These organisations more proactively include women and ethnic minorities, can offer greater opportunities for new entrants to the sector, offer more secure forms of employment, and build to higher standards. The council ought to identify how it can achieve similar outcomes through its procurement powers and consider whether in-sourcing construction would more effectively achieve its goals.

Recommendation: Utilise council-led projects, such as the Manydown development, to develop the skills needed for low-energy construction in Hampshire.

Developments where construction is taking place on publicly owned land should be used to maximise the public benefit. This should be done by ensuring that the development meets the highest energy efficiency and energy generation standards. The high standards should be used alongside ambitious inclusivity requirements targeting high levels of female and ethnic minority participation in the workforce and greater security of work.

Our expert consultation highlighted the Manydown development (over 5,000 homes being developed on council-owned land) as a critical opportunity for the council to drive forward the net zero construction skills agenda. Workshop participants expressed concern that the development was being built to 2016 building standards, meaning it would soon need to be retrofitted.

The council can require external contractors to build to higher standards, provide inclusive training opportunities, and secure employment conditions on such projects. Crucially such developments can be used to give private sector organisations the incentive to invest in net-zero reskilling, supporting the wider retrofit ambitions.

The government's Net Zero Strategy

The government's new Net Zero Strategy emphasises the need for a skilled workforce in housing retrofit, heat-pump installations, etc., to meet rising demand. The document acknowledges the potential need for up to 230,000 skilled tradespeople in construction and heating sectors in 2030 to retrofit houses. To meet the government's ambition of installing 600,000 heat pumps a year by 2028, the number of qualified installers must increase from around 3,000 to 35,000 within the next seven years.⁹ The Lifetime Skills Guarantee intends to support workers to gain the necessary skills to transition to the green economy, including targeted support for retraining in housing retrofit, solar, nuclear energy, vehicle electrification, and others. The strategy accounts for around 16,000 Skills Bootcamp places in FY 2021–2022.

Summary

To tackle the skills deficits in construction, the council should map the demand for labour for housing retrofit against supply to identify shortages. From here, it should develop a strategy for low-energy construction skills that addresses the current skills gap and broader sectoral objectives (including critical issues around ethnic diversity and female participation). Collaborating with lower-tier authorities can enable the council to utilise council-led projects as well as planning and procurement powers more ambitiously to support a net-zero construction skills strategy.

¹ Carbon Trust (2020). *Analysis for Hampshire County Council*.

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- ² Element Energy. (2020). *Development of trajectories for residential heat decarbonisation to inform the Sixth Carbon Budget*. Retrieved from <https://www.theccc.org.uk/wp-content/uploads/2020/12/Element-Energy-Trajectories-for-Residential-Heat-Decarbonisation-Executive-Summary.pdf>
- ³ Transition Economics. (2021). An emergency plan on green jobs for young people. London: Friends of the Earth. Retrieved from https://policy.friendsoftheearth.uk/sites/default/files/documents/2021-03/EMERGENCY_PLAN_GREEN_JOBS_FEB_2021.pdf
- ⁴ UK GBC. (2020). Letter to the Ministry of Housing Communities, and Local Government. Retrieved from <https://www.ukgbc.org/wp-content/uploads/2020/03/08657-Part-L-LA-letter-050320.pdf>
- ⁵ ‘...local authorities will retain powers to set local energy efficiency standards for new homes’ GOV.UK. (2021). *Government response to Future Homes Standard*. London: Ministry for Housing, Communities and Local Government. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/956094/Government_response_to_Future_Homes_Standard_consultation.pdf
- ⁶ Southampton City Council. (n.d.). Southampton City Council Energy Guidance for New Developments 2021-2025. Retrieved from <https://www.southampton.gov.uk/media/f5ketpxq/scc-energy-guidance-for-new-development-2021-2025.pdf> [accessed 8 February 2022].
- ⁷ Greater London Authority. (2020). *Energy Assessment Guidance*. Retrieved from https://www.london.gov.uk/sites/default/files/gla_energy_assessment_guidance_april_2020.pdf
- ⁸ Bawden, A. (2019). Why councils are bringing millions of pounds worth of service back in house. *The Guardian*, 29 May. Retrieved from <https://www.theguardian.com/society/2019/may/29/bringing-services-back-in-house-is-good-councils>
- ⁹ GOV.UK. (2021). Net Zero Strategy: Build Back Greener p. 238. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1026655/net-zero-strategy.pdf
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