

The Cost-Effective Delivery of Essential Infrastructure

CONSTRUCTION INDUSTRY SKILLS & TRAINING ISSUES

Immediate Issues

Having expanded at an unsustainable rate in the years up to 2007, output and employment in the construction industry has collapsed leading to a loss of many essential skills. Such wild fluctuations in manpower are a disincentive to firms to invest heavily in training to increase medium-term productivity and they encourage a greater emphasis on subcontracting.

The health and viability of the construction industry is of key importance in the provision of a sustainable infrastructure at economic cost.

The collapse in private and public sector construction activity will see levels in 2011 reduce to approximately half of the EU average levels, with the following consequences:

- Company failures and high levels of unemployment;
- Export of plant and skills;
- Lack of investment in the industry;
- Reduced training;
- Below cost pricing; and,
- Increased debt and non-payments.

Proliferation of Sub-Contracting

There has been a major increase in the use of subcontractors in the construction industry. This is particularly pronounced in the building sector. In many cases the main contractors have become management contractors and retain virtually no trades or skilled workforce themselves.

This multiple sub-contracting acts against management and quality excellence in large, repetitive civil engineering and building works. However, the necessity for specialist, niche sub-contracting (e.g., complex steelworks, etc.) is accepted as a norm in the industry.

The widespread use of sub-contractors has grown out of a rational commercial survival and adaptation mechanism to the industry's market environment. This practice will not change until the market environment changes. That will require the implementation of a long-term, planned, stable and sustainable investment policy by Government. Within that investment policy there must be measures to ensure, not only job creation, but concerted efforts to ensure skills improvements and workforce training in order to increase productivity levels substantially.

Training and Education

Investment in education and training at all levels must remain a priority and must assist the learner in advancing to employment readiness.

Apprenticeship places have fallen dramatically as a result of the economic crisis. It is estimated that there were 8,000 places in 2006 with approximately 1,000 in 2010.

There has been a drop in those seeking to take up courses in construction related subjects. While this is understandable, skills and talent will drive the future development of small and medium enterprises, including construction enterprises, in Ireland.

While some companies are involved in retraining of staff and realignment of their businesses to new business opportunities (for example, in the green energy sector), it is critical that the construction industry, in co-operation with Government, develops specific actions to ensure that the skills required for infrastructural projects in Ireland exist into the future.

Future Direction

The capacity and skills level of the industry increased dramatically over the last 20 years. It has the capacity to tackle very large and complicated infrastructure projects. There is a substantial risk that this capability may be lost if construction activity persists at its current historically low level.

From the perspective of the construction industry the following issues need to be addressed:

Reliable multi-annual budgets: The Public Capital Programme was reduced significantly from July 2010 to December 2010. It is essential to have reliable multiannual budgets, which should include complementary private funding, to enable the industry to plan its future and invest in appropriate training and apprenticeship schemes.

Training: In recent years the industry has drifted more towards sub-contracting so that main contractors engage fewer tradesmen. As such main contractors do not now have the resources and the ability to train apprentices. The Government and the industry need to address this issue and agree how best to maintain an appropriate flow of apprentices, skilled workers and appropriately qualified professionals in the construction disciplines and associated research and development.

Off-site manufacture: Recent studies by the ECDG Enterprise and Construction Unit found that construction costs are cheaper where off-site manufacture is greatest. There is great scope for improvement here if the industry invests in and deploys the necessary trained resources in its development and implementation.

Recommendation

Engineering research in Irish economic recommended that closer linkages between industry, and the engineering schools and technical colleges be encouraged. The construction industry should proactively engage in this liaison and provide the professional on-site internships recommended.

Source:

Forfás is Ireland's national policy advisory board for enterprise, trade, science, technology and innovation and is the publisher of the report **The Cost-Effective Delivery of Essential Infrastructure**

Forfás

Wilton Park House, Wilton Place, Dublin 2

Tel: (01) 6073000

www.forfas.ie