

The issues facing the industry

This briefing paper sets out the potential scale of the skills shortages facing the industry as seen by the Employers that lead the ECITB.

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, 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 ECITB has increased training outputs and can achieve further growth at current levy rates, however, the gap is forecast to widen.

The key challenge is to increase investment in 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.

We would value your feedback on the issues and action plan to ensure that the ECITB resources remain properly targeted. Please send your comments to: consultation@ecitb.org.uk

Workforce Demand Scenarios

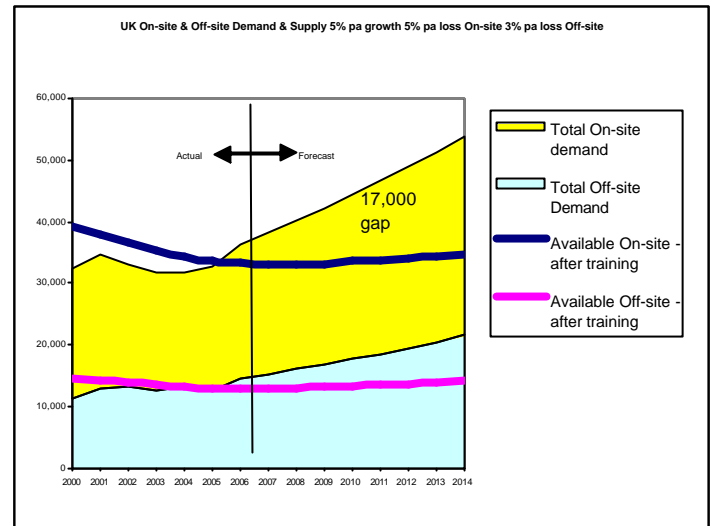
The combined effects of increased demand (workload) and rates of loss of people have been considered in some scenarios for both on-site and off-site engineering and technical personnel. (See the charts and table opposite).

In the best case, there is unlikely to be a significant skills issue if there is only 2% or less annual growth and the rate of loss is 3% or less. Under these conditions, the increased output of the ECITB will largely meet demand. Any increase in demand or failure to improve retention will mean additional people will need to be sourced.

The median scenario assumes 5% pa growth and 3-5% loss and means a total of 17,000 additional people need to be sourced by 2014.

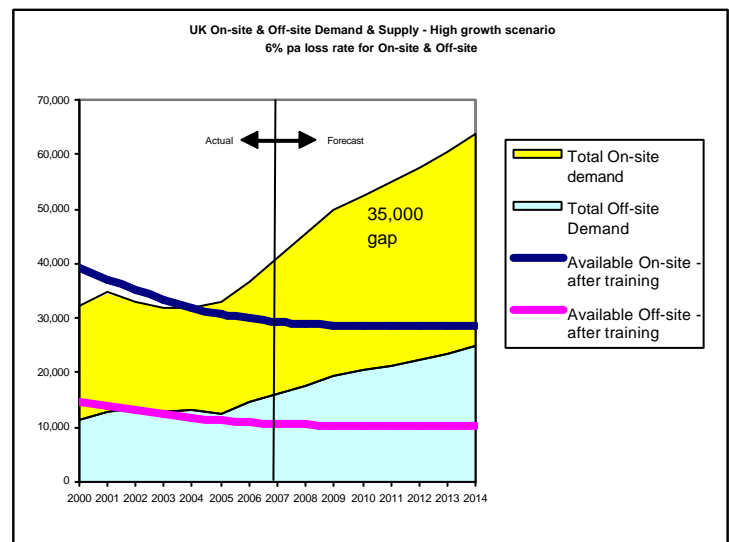
The worst case scenario is if the current buoyant market conditions are sustained until around 2010 and loss rates are at current levels of 6% pa, then up to 35,000 more people will be needed.

Median scenario: 5% growth and 3-5% pa loss



Shortfall by 2014	Best scenario	Median scenario	Worst scenario
On-site	In balance	10,000	20,000
Off-site	3,000	7,000	15,000
Total	3,000	17,000	35,000

Worst case scenario: high growth and 6% pa loss

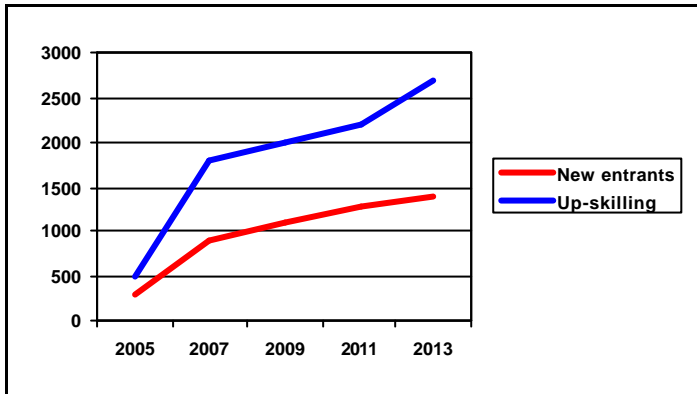


2005 to 2012 activities – assuming no change to levy rates and no Off-site abatement

On-site levy is equivalent to 19p per man-hour worked in the industry.

Off-site levy is equivalent to 2.6p per man-hour worked in the industry.

The revenue generated and efficiency gained will fund growth in ECITB outputs as shown:



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 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.

Maintain and enhance the industry's standards and qualifications.

2006/2007 ECITB Performance

Achieved all of the goals in the strategic transformation to the regional model with Employers now driving policy and design of services to meet their needs through the Regional Forums and working parties.

£18 million expended on training and competence.

£11 million raised from the training levy.

Over 5,000 people supported.

£10 million levered from government

The view of the ECITB Board

Employers are recognising the need and 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.

The higher demand growth scenarios are more likely than limited or modest growth.

The balance of opinion is that the training levies for 2009 should remain at current rates.

With appropriate action the issues are manageable and there is a good foundation to build on. There may be a good case to raise the training levy from 2010 as the fairest way to raise the necessary investment across the industry as a whole.

A concerted campaign with levy payers is planned to scope out, over the next 9 - 12 months, the options and needs in order to create an agreed action plan.

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.

Dai M. Howard

Chief Executive - ECITB

Terry Casimby

Chairman - ECITB



www.ecitb.org.uk

The ECITB manages and supports the following programmes and initiatives:



Careers, Skills and Apprenticeships



Workplace Learning



Technical, Supervisory and Management Programmes



Assuring Competence in the Workplace



National and Scottish Vocational Qualifications