



DEPARTMENT OF ENERGY & CLIMATE CHANGE AND
DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS

“MEETING THE LOW CARBON SKILLS CHALLENGE”

PUBLIC CONSULTATION 31 MARCH-23 JUNE 2010

Submission from the Builders Merchants' Federation

The Builders Merchants Federation (BMF) is the UK trade association representing businesses in building materials' distribution. Members sell everyday building, electrical, heating & hot water, insulating, plumbing and timber products and - together with major manufacturers & distributors - we represent over 400 companies with combined annual sales over £7 billion.

The building materials' supply chain fully understands that retaining skills and investing to equip the workforce with new ones is essential to be competitive in the 21st century.

We are grateful for the chance to provide input. We confine our remarks to where we have direct experience, practical knowledge and relevant interest/expertise. If ministers or officials seek extra information, wish to clarify, or develop further arguments, we shall be pleased to meet face-to-face.

OVERVIEW

The BMF welcomes this consultation. The country as a whole simply must strive to boost the collective skills of the UK workforce if we are not to be left behind by other countries.

Taxpayer money for vocational training is at a premium. It is vital that industry & government plan to ensure scarce funds are spent wisely. We must avoid repeating the 'stop/start' approach of recent years that hurt industry training providers, and created uncertainty for learners.

Construction

BMF members have 2 principal customers who:

- a) build new homes, commercial buildings and state-owned schools, hospitals, prisons, etc
- b) carry out building repair, maintenance & improvement (inc. alterations & extensions).

For (a), merchants act as local consolidation depots and provide the vital 'last mile' link in the distribution chain. BMF members have long-standing expertise in managing the phased delivery of construction inputs as they are required - i.e. getting smaller, mixed or repeat loads onsite.

This is especially true when renovating existing housing. Unlike new greenfield plots or cleared brownfield sites (where materials can easily be delivered & kept), established estates can present logistical challenges. For example: lorry movements, narrow streets & parked cars and theft. Our merchants are major stakeholders in matters pertaining to transport and distribution skills.

For (b), at the higher level, this means large contractors & sub-contractors. It also refers to general SME builders and craft & trade professionals carrying out numerous, routine 'small works' - i.e.

bricklayer; carpenter; electrician; glazier; painter & decorator; plasterer; plumber; roofer; and bedroom/bathroom/kitchen installer. All have a role to play in carbon reduction.

Learning and Development

The BMF is the merchant industry's major training provider and we deliver:

- apprenticeships at Level 2 and Level 3 under a contract with the Skills Funding Agency
- a full range of commercial training - basic health & safety; customer service; and product knowledge modules up to degree-level management development programmes.

Our industry takes its commitment to training & developing its employees very seriously. We want to see the same commitment from government. The BMF believes that developing vocational skills does not require a 'big government' approach.

A clear strategic programme, a commitment to consistency of taxpayer funding and over-arching quality standards are all that is needed from government. Against such a background, the market can be relied upon to devise and deliver the precise needs of builders & contractors - and to rapidly adapt its offer as technology or usage patterns change over time.

WHAT WE BELIEVE

It has long been this Federation's firm belief that the importance of investing to improve the condition of housing, and reduce emissions, cannot be overstated. If the UK is to succeed in getting carbon out of voters' lives, policy-makers must pursue determined, far-reaching actions.

This is our position, as set out in our General Election manifesto, "**More Homes and Less Carbon**", posted to most PPCs before 6 May (copy enclosed). It is a collaboration between 6 trade associations who speak for over 50,000 firms, employing approx. 860,000 people, with combined annual sales of £75 billion. We are a heavyweight industry coalition: from raw materials, along the supply chain, to volume housebuilders and general SME building firms.

We believe the single most important policy commitment for any government is to concentrate on 'consequential improvements' to de-carbonise housing. The easiest route to accomplish this would be to selectively reduce VAT on home improvements where specific actions to take carbon out of the building envelope are completed.

A 5% VAT rate already exists for fuel and some energy-saving measures. Extending this to home improvement will encourage both private & public homeowners to invest in ways to (a) use less energy; (b) use energy more efficiently; (c) obtain energy from renewable sources; or (d) prevent unnecessary & costly energy loss - at the same time as altering, extending or renovating homes.

This is good policy because spending is targeted effectively, where intended, offering maximum encouragement to voters to invest to bring properties up to modern standards. Such investment will continue to pay dividends for generations to come, over the lifetime of the building. Once this principle is established, demand can be regulated by simply fine tuning the list of qualifying improvements to reflect developing needs (either in product technology or price as markets unfold).

DETAILED OBSERVATIONS ON THE CONSULTATION DOCUMENT

The BMF is a trade association and (apart from some general philosophy) confines itself to what it knows most about. De-carbonising buildings is definitely our area of expertise.

MEETING THE LOW CARBON SKILLS CHALLENGE

Boosting Generic STEM Skills

Question 1 - What more can be done for young people to take up STEM subjects and pursue careers in low carbon sectors ? The BMF offers 3 answers, as follows.

Firstly, illustrate a world without people who possess STEM skills using vocabulary & examples that young people understand. Of direct relevance to them are new/novel, popular, fast-selling & 'must have' consumer electrical gadgets - notably:

- cellphones
- gaming consoles & the games' software
- personal digital assistants
- lap- & palm-top computers.

Illustrate how vital the STEM subjects are to the conception, design & manufacture of these goods.

Secondly, demonstrate the trajectory of not doing so. What will the country look like in 20-30 years if young people do not take up STEM subjects in sufficient numbers to meet the challenges ?

Teenagers are interested in issues like social justice and poverty. Government ought to connect the solutions to solve these with the people who are most needed to tackle them: (a) engineers for water & transport projects and (b) scientists for traditional & renewable sources of energy.

Thirdly, what are other countries doing to overcome these challenges ? Britain is uniquely placed at the centre of more than one international network to discover what our competitors are planning. Our nearest rivals are our EU trade partners. Membership of NATO and the G.8 or G.20 means we can learn from the global economies. And via the Commonwealth, we can see how emerging countries are catching up (or surpassing) in these areas.

Question 2 - What more can universities do to stimulate demand ? As above, universities ought to concentrate on the life-enhancing outputs than can be enjoyed - and then lead people back to the STEM inputs which made such benefits possible.

Those aspects of human existence proven to be most likely to contribute to these concerns - positively & negatively - must be clearly outlined. You then demonstrate that universities (and other places of learning) can stimulate demand for STEM skills necessary to overcome the attitudinal & behavioural, technological and environmental challenges involved in solving these problems.

Specific Skills Solutions for Emerging Low Carbon Sectors

In para 25, you list specific skills being sought under 6 bullets. The BMF notices there is a presumption in favour of prescriptive courses. What we think is really needed is knowledge.

Question 3 - Universities are businesses, just like builder's merchants. Little can be done without attaching conditions to the money awarded to higher & further education. In 3-4 months' time, there is a Comprehensive Spending Review. HM Treasury should simply reject departmental bids that do not properly demonstrate how they contribute to equipping people with low carbon skills.

The BMF believes there are 2 paths: (a) either a 10-year timespan to justify a long-term investment or (b) a demonstrable and guaranteed short-term payback period.

Colleges and universities need good quality market intelligence upon which to base development decisions. Typically, this means a 10-year timespan that (ideally) is underpinned by a commitment of ongoing public funding.

The private sector is capable of moving far more quickly, and of pricing training in as part of the cost of commercial risk. The most efficient future may be something close to the Foundation Degree philosophy, where the role of higher education is to encourage, recognise and accredit expertise gained in the workplace.

Stimulating Employer Demand for and investing in Low Carbon Skills

Para 36 is a useful re-statement of what we already know about apprenticeships, and is welcome.

Question 4 - No, it is written from a central, top-down, London-based perspective.

Many of the skills needed to make a real difference to existing housing relate to comparatively low-level competences delivered in large volumes. The crucial role of in-work vocational training of existing employees does not receive sufficient emphasis in the context of this document.

Question 5 - The days of nationally planned, generic, taxpayer-funded advertising & marketing campaigns beloved by government departments are over. The best way may be to raise the profile of vocational training in the public's consciousness by (a) television or (b) third party endorsement.

Television 'make over' programmes have greater potential to change homeowners' investment priorities than government campaigns. As mentioned earlier, the relevance of low carbon skills to young people is better articulated by pop stars or sporting icons who are (rightly or wrongly) seen as more honest and trustworthy than politicians or big business.

Question 6 - The best way forward is summarised in 3 steps:

- explain the challenge ahead clearly and break it down into sequenced, comprehensible blocks for young people to grasp
- pose the solutions as straightforward questions; (a) who & what do you need; (b) by when & where; and (c) are you that person ?
- shift the whole emphasis from front to back - away from the inventor/designer who makes the headlines - and onto the army of installers and care & maintenance people who matter.

Allied to this is, of course, the money. Guaranteed funding is most important. Housebuilding and the home improvement sector can & will deliver a low carbon future if it knows it will be paid.

A clear programme of public funding, guaranteed for several years against set quality objectives, would be the most useful outcome of this consultation. Commercial training providers can deliver. But the last few years' experience of erratic funding from the Learning & Skills Council has been a disincentive to make the necessary investment in new training.

DE-CARBONISING BUILDING AND CONSTRUCTION

Para 59 - Your analysis suggests creating up to 65,000 jobs in domestic retrofitting. This may be correct, but will be in addition to those currently engaged in such work. Government has to embrace it takes 2 corresponding actions: (a) create a market and (b) entice voters with incentives.

Retrofit

Para 68 - The document states there is a lack of skills in the supply & fit chain. This is not the first DECC document this year that says this. In the CERT extension consultation, "supply chain constraints" were mentioned more than once. We were puzzled by this and challenged this assumption, seeking clarification. No such clarification has been forthcoming.

We are not aware of any such "supply chain constraints" and the BMF once again questions what is meant by this. We suspect this is a triumph of lobbying by other trade associations or companies that claim insufficient numbers of trained local fitters exist to do the work.

If correct - and using the example of CERT - this implies a shortage of funds allocated by energy suppliers to professional installers. Their mantra is to pursue the cheapest, quickest option with the lowest cost compliance.

If ministers are really worried about installation capacity & capability, the BMF recommends DECC and DBIS ought to talk to different voices than it does at present - namely the Home Builders' Federation or Federation of Master Builders - to explore how to bridge this real or perceived gap in the available labour force. With the heavy job losses suffered by their members, doubtless a way

can be found to redeploy such staff (who will already have suitable, all-round skills) with relative ease to muster more squads of competent insulation installers.

Another answer is not to be fixated on cavity or solid wall insulation - other solutions exist, and measures ought to be done in a logical, sequenced way to lessen energy loss.

Para 70 - Ministers ought to be in no doubt there are industry qualms about the Microgeneration Certification Scheme (MCS). There seems to be a bottleneck getting in the way of the ambition.

Too few installers are registering - put off by what they see as bureaucracy & high fees that make it unattractive to seek accreditation. We suspect the (real or perceived) problem is one of costs versus quality assurance that affects capacity & capability. Unless & until this is addressed, SME installers will not seek accreditation.

There is a noticeable difference in scheme criteria. For instance, we learn there is variation between the Microgeneration Certification Scheme (DECC) and the Competent Persons Scheme (DCLG). If correct, these ought to be overhauled or merged between Departments.

Question 13 - The BMF believes there are 2 paths: (a) altering existing carbon reduction schemes and (b) training demand & provision.

For (a), the Government has existing levers at its disposal - namely CERT and CESP. Modifying the scoring for eligible measures away from worthy but low-level, soft options will force the pace in favour of the necessary skills in retrofitting.

The BMF firmly believes more emphasis must be given to retrofitting by professionals. Relying on DIY amateurs looks enticing - but we think obtaining carbon reductions by enthusiasts will result in diminishing returns as the number of competent/skilled people willing to do DIY will dwindle.

For (b), the big opportunity for Government is to couple high-level central guidance & quality control with seedcorn funding for local initiatives. Building materials' distribution has the products, contacts and delivery capability to act as a first point of contact for installers. Different local areas require different local skills and offer more efficient options, based on geography:

- exposed parts of the east coast = suitable for wind turbines
- southern England tends to enjoy higher temperatures = suitable for solar thermal collectors
- western fringes have geological features = best for ground source heat pumps
- upland areas have higher rainfall = community-owned hydropower is possible
- everywhere but especially city dwellers = solar PV for electricity.

We recommend government invites merchants to compete for grants to deliver appropriate training for their customers, in partnership with their suppliers. The desire for competitive advantage will ensure speedy uptake and quality. The nature of the precise feedback from local installers will automatically feed back into manufacturers' R+D processes.

We advocate a modular approach to training that recognises certain existing skill-sets require only a partial degree of additional training. For instance:

- a professional roofing contractor may only need training to install solar collectors or PV panels
- a professional plumber may need training purely in commissioning solar hot water systems - or additional competences in heat pumps or installing rainwater capture & recycling systems.

A series of distinct, discrete modules will meet the immediate needs of the trade - and provide a suite of learning to enable and encourage them to add additional skills as and when the needs of the local market develop.

The BMF already has experience of this, via a successful partnership with the Manchester College to deliver industry product knowledge training under the City & Guilds CG6117 programme.

Each stand-alone course is independently marked to agreed standards, awarding its own City & Guilds certificate upon completion. Completing five modules attracts a further C&G certificate that attests to the broader level of learning. The whole process is administered by the industry and the college - with LSC funding (until recently) being paid directly to the college to ensure consistent quality control, as well as offering an affordable price to the learner.

This model has already been adapted to include a foundation module in the principles of renewable building products. Because it is industry-administered, updating and refereeing processes are undertaken by employers and manufacturers. The industry thus has a self-adjusting incentive to ensure the content is always up-to-date and relevant. We suggest the above may prove a useful template for further development.

Question 15 - The lesson from Eco-Towns is that people will up-skill when there is an obvious commercial reason to do so. If government shows the commercial drivers, the skills will follow.

DE-CARBONISING THE TRANSPORT SECTOR

Freight and Logistics

Shaded box after para 81 - Builders' merchants are well aware of the contribution that considerate driving makes to de-carbonise transport - to be both environmentally responsible and fuel efficient.

Logistics is a dominant issue for builders' merchants. The BMF offers members training that incorporates fuel-efficient driving techniques, safe driving in adverse conditions, daily vehicle checks, etc. Our courses count towards drivers achieving their Driver Certificate of Professional Competence accreditation.

ANNEX 3: LIST OF STAKEHOLDERS CONSULTED

We are absolutely astonished to see the Builders Merchants' Federation omitted from the list of stakeholders consulted.

Builder's merchants are the building materials' supply chain, whether (or not) they subscribe to this Federation. For hundreds of years, merchants have been the single most efficient route-to-market.

Investment in existing housing to improve the condition and the fitting of energy-saving devices are central to our members' businesses. Merchants earn a living from selling:

- loft, cavity wall & solid wall insulation
- insulated wallpaper and thermal boards
- boilers, heating controls & radiators and associated water tank jackets & pipe lagging
- double & triple glazing and draught proofing
- renewable energy equipment - i.e. solar collectors, solar pv & heat pumps.

Most of what ministers sought industry advice on over the last 18 months, our members make or sell. We have provided input into numerous Whitehall consultations like CERT, CESP, HESS and the Renewable Heat Incentive. Over Christmas & New Year 2009/10, we helped DECC officials design the Boiler Scrappage Scheme that is generally seen as successful.

CONCLUSION

The BMF welcomes the objectives behind "Meeting the Low Carbon Skills Challenge".

Research done by LEK Consulting in 2009 for the UK Contractors' Group found that investment in construction is a prerequisite for achieving c.80% of the current carbon emission reduction targets.

For over 100 years, the BMF has represented businesses of all sizes - national names, regional chains, specialists and small/local independent firms - in city centre, suburban & rural locations.

This Federation stands ready to help government with policy actions to equip the UK workforce with the skills to maximise opportunities to use finite resources efficiently, and to build a low-carbon future. The sole aim must be to help to get carbon out of voters' lives.

A handwritten signature in dark ink, reading "Brett Amphlett". The signature is written in a cursive style with a wavy underline and a few trailing dots to the right.

B M Amphlett
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