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I'm delighted to be back in the North-East with you today. There is always a warm welcome here, and – as many of you will know – I have my own strong links with the region. For six academic years, until 2000, I had the privilege of being a Visiting Professor at Northumbria University, so it is always a particular pleasure to be visiting once again. I must confess that when my term of office ended at Northumbria, I became a Visiting Professor at the University of Central England. But it is always good to be back with old friends in the North East.

As you can imagine, I am invited to a great many functions and asked to make quite a few speeches. Occasions such as today's, when we have come together to recognise those companies which have demonstrated their commitment to developing their workforce and improving their own performance, are among the most pleasurable. I care very much about the vital need for training in the construction industry, not just because of my role as Chairman of CITB-ConstructionSkills, but also as Deputy Chairman of Willmott Dixon, a significant employer in the sector, active in the North West and North East, and indeed as someone who has been involved in the industry in many capacities for nearly 40 years.

In the course of that time I have seen a fair few economic cycles – some, like 1973-74 “boom and bust”, but others have shown the inevitable pattern of sometimes increasing, sometimes falling demand. It would be a rash pundit and a very unwise politician who predicted that the graph of the country's output has now settled into a permanent, gentle, sustainable upwards slope. But it is hard to remember a more optimistic time in our industry. The nation has had several years of consistent growth, and in construction demand is still growing steadily. Of course government itself is partly responsible for this, by planning for new schools and hospitals, social housing, new roads and improved railways, expanded airports and major urban regeneration schemes,

and in an economic climate which has also encouraged strong private housebuilding and a demand for hotels, shopping centres, health clubs, and related leisure and fitness facilities.

Be that as it may, the industry must not become complacent. When things are going relatively well is precisely the time to make sure that investment is strong – not just in plant and machinery, but also in people and processes. Whatever the economic climate, it is the efficient and well-trained workforce which will win contracts and client satisfaction. A growing economy also brings opportunities to successful companies to expand – but only the efficient and the well-trained will grow sustainably, ready to be competitive if times get tougher.

Another reason for boosting training activity during periods of growth is that it gets training into the heart of the business. A company which has seen the benefits of training in good times is far less likely to succumb to the strong temptation to cut back when times are harder. It knows that its workforce, whether direct or sub-contracted, is at the heart of its appeal to experienced repeat clients – the kind of business every good contractor wants.

This region knows very well that international competition can make life difficult for domestic industries. Being part of a vast European market brings great opportunities, particularly for the bigger players, but it also means bigger challenges. The better trained and more highly motivated their workforces, the better run their businesses, the more contracts they will win both on home turf and abroad. And smaller firms will also benefit, whether on their own or as specialist contractors, from having a first-class workforce.

I know that here I am preaching to the converted. The companies who are receiving their awards today have already recognised the importance of training to their workforce and to their business and done something about it. And I salute you all for that.

You have already got past the objections that tend to be put in the way of those seeking to improve training, whether directly industry-related or, through liP, aimed at improving company performance and motivation. You all know the grumbles. “It’s just a load of box-ticking and form-filling.” “I’ll waste my money and my staff’s time on some irrelevant course.” “It’s all very well if you’ve got hundreds of staff, but it doesn’t do much for an SME like me.” “Why should I do all that just to get a plaque on the wall?” “These logos don’t get me any more work.”

I’ve heard all these objections many times over – though, thankfully, less and less, as more and more firms do achieve liP status and those who haven’t begin to suspect that they may be missing out on something! Nobody gets more work just from a logo. They get it because they have improved their business performance and their competitive edge and efficiency.

There’s only one reason why CITB-ConstructionSkills has set itself a target of 1000 registered companies being liP-accredited within three years. It’s not because we want to tick another box ourselves. It’s because it works. 80% of accredited companies have increased levels of customer satisfaction; 70% have improved productivity. And it’s very far from being just large companies. More than 10,000 accredited companies have fewer than 50 employees.

They sought accreditation because they wanted:

- To use it as a means of stimulating the training of all their staff;
- To measure themselves against set standards and competitors;
- To tell their customers and prospective customers that they are committed to providing a quality service and to being good employers;
- To tell prospective employees that they are a good company to work for;
- To use it as a means of moving company performance up a gear.

CITB-ConstructionSkills are not just leaving the industry to get on with it. Too few companies in the sector have followed the lead of those here today. That’s why we have grants for achieving liP accreditation; and why we’ve also

introduced a grant for drawing up a Training Plan. We're also working with our various partners – especially the LSCs, Business Links and the Federations - to make sure that the industry hits our targets. Two years ago we signed an Accord with the Small Business Service. CITB-ConstructionSkills works closely with all organisations which are relevant to the business of construction.

I have had the pleasure of presenting awards to companies who have made a commitment to, and have achieved the liP standard. I would now like to review the achievements of the North East as a whole in a number of areas related to liP. I'd also like to put the spotlight on some other excellent achievements across the region.

First, then, a few facts and figures:

- From the inception of liP in 1990 to 2002, a period of 12 years, we had 27 CITB-ConstructionSkills registered construction companies who had achieved the liP Standard in the North East. Since 2002 we have increased that number by 33. We now have 60, an increase of 222% in the last 18 months, with 14 achieving so far in 2004 alone.

- We now have 104 construction companies in the North East that have committed to liP and are in the process of becoming recognised.

- This demonstrates the value of our partnerships with the four Business Links in the region and the hard work of the teams in each of the respective organisations.

- We have 131 companies in the North East with current Training Plans.

- We have in excess of 21,000 registered CSCS Card holders in the North East and Cumbria, an increase of 50% since this time last year.

The region as a whole is making tremendous progress. I congratulate the industry in the North-East and the CITB-ConstructionSkills team in the Area Office. Together with our partners they work tirelessly to help make all this happen, and they also can be enormously proud of these figures.

But we must not rest on our laurels. We must make progress and there are challenges that we face – one for us in CITB-ConstructionSkills, another for the industry as a whole.

Our own challenge is to drive up still further the value-for-money we achieve from the levy. At present, we put back just over £1.60 into the industry for every £1 we raise from the levy. That is good but the industry rightly expects us to find ways of leveraging still more resources for the industry. And we will.

The challenge for the industry is one which we are set by those to whom we are accountable, but which I would want to set anyway. The measures which I have talked about today will help to upskill the existing workforce and to make it more attractive to potential recruits. They may also have some impact on the composition of the workforce. But we have a lot more to do to ensure that the industry looks like the world in which we live and the communities which we serve. Ministers and other Parliamentarians hear the industry talk about the difficulties of recruiting and the large numbers of recruits we need, and they ask “Yes, but how many women are there in the industry? How many people from the Black and ethnic minority communities?”

Leaving aside very proper questions of fairness and non-discrimination, important though they are, the recruitment challenge which we face requires us to ensure that we draw on all available sources of skills for our industry. CITB-ConstructionSkills does not leave all that to the industry either. Our Positive Image campaign reaches out every year to non-traditional applicants, but arousing interest in the industry is just the first step. If their experience of it is unwelcoming, they won't stay. We have several schemes in place – such as the STEP into Construction programme – which aim to make a practical difference. But a lot is down to individual employers to welcome a wider

range of applicants and ensure safe and respectable working conditions. This issue will not go away.

Let me turn finally to further causes of celebration.

I know that in the North-East you're used to turning out winners, and the construction industry is no exception. So I would like to congratulate once again Monkseaton High School on its superb achievement in winning our prestigious (and very worthwhile!) "Creative Spaces" competition, with its first prize of £50,000.

Congratulations also to Durham joiner Nicholas Barrett, who won the 2003 Frank Eaton Award for the most outstanding performance among all the gold medallists at the Skillbuild Awards.

What both Nicholas and Monkseaton High School demonstrate is the commitment to excellence, as individuals and as organisations, which the industry must have if it is to thrive and prosper. The North-East is fortunate to have such talent in its region.

Ours is an industry of which we can be proud. It has, quite literally built Britain and is still doing so every day.

I wish the region every success in building on these strong foundations in the months and years ahead.