

**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee - 8 September 2022

Subject: Green Skills and Housing Retrofit

Report of: Director of Inclusive Economy

Summary

This report provides an update on the skills opportunities and challenges faced by Manchester to deliver large scale housing retrofit programmes to achieve low carbon standards.

The report focuses on the skills system and implications for the city's economic growth and development in the context of Developing a More Inclusive Economy - Our Manchester Industrial Strategy and the ambition to be a zero-carbon city by 2038 at the latest.

Recommendations

Members are recommended to note and comment on the content of the report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

A liveable and zero carbon city is an important theme in the new Work and Skills strategy and this report seeks to set out the ambition to ensure that our residents have the skills needed to maximise the opportunities provided by large scale retrofit programmes and how the education and skills providers in the city will need to respond to the retrofit future skills demand.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The report aims to define how Manchester works together to develop skills, employment and training opportunities that supports business growth alongside the development of future pipelines to connect employment opportunities to our residents.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The report will set out how Manchester works together with training organisations and employers ensuring residents can gain the retrofit skills and experience they need to be successful in the labour market, moving into

	more highly skilled, more sustainable and better paid opportunities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Delivering large scale retrofit programmes in the city will help to attract new investment which will address the theme of inclusion, and how we can ensure that more of our residents are able to benefit from the city's economic success.
A liveable and low carbon city: a destination of choice to live, visit, work	Ensure that our residents have the skills needed to support retrofit programmes, and how our education and training providers can become equipped to deliver the necessary courses and qualifications to support this.
A connected city: world class infrastructure and connectivity to drive growth	Major investment in sustainable and connected housing will be required which will support the city's ambition and has the potential to create significant numbers of new jobs.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Manchester City Council - Council, *Climate Emergency Declaration*, July 2019
- Economy Scrutiny, *Green Economy* (Nov 2019)
- Our Manchester Strategy – Forward to 2025, Executive (March 2021)
- Economy Scrutiny, *Refresh of Manchester's Work and Skills Strategy*, (Feb 2022)
- Economy Scrutiny, *Manchester Housing Strategy*, (June 2022)

1.0 Introduction

- 1.1 In 2019 Manchester set a target to become a zero-carbon city by 2038, with a challenging reduction of at least 50% of our direct CO2 emissions by 2025. By 2032 over 85% of the homes Manchester residents will be living in, have already been built. Therefore, a large-scale retrofitting programme is essential.
- 1.2 In achieving this target, the city must also look to addresses the inequalities highlighted by the Marmot Review and the need for healthier, warmer and more efficient homes across the city. The city has over 67,000 social housing, 93,000 private rented and 79,000 owner occupied properties. Whilst it is clear there is an urgent need to accelerate the delivery of housing retrofit, we must recognise that there are barriers to achieving this.
- 1.3 Large scale investment in retrofit programmes will drive the demand for green skills and provide the foundations to develop a local skills, employment, and business support offer, which in turn must support our ambitions to deliver a fair and just transition into low carbon homes, providing good quality and efficient homes for all our residents.

2.0 Construction Housing Sector Pipeline and Context

- 2.1 **Pipeline Economic Value (Source MCC Think Report 2021)** The GM Chamber and CITB Construction Pipeline Analysis is one of the most robust labour forecasting tools of its kind. It was last updated in 2021 for the first time in four years and the 2021-25 GM output is forecast to be £14.1bn, of which £5bn is in Manchester. Of that £5bn circa £1.5bn is in the housing sector.
- 2.2 **Deloitte Crane Survey 2022** In 2021, 14 new residential developments started on-site, bringing forward the construction of 3,729 new homes. Overall, the number of new homes under construction at year end in 2021 was 10,717 across 40 sites. On many of the sites that completed in 2021, development has been at a relatively large scale with 13 of these sites delivering over 200 homes. In Manchester, the most active area for residential completions in the heart of the City Core area.
- 2.3 The refreshed Manchester Housing Strategy (2022-2032) sets out the long-term vision, to deliver the city's housing priorities and objectives, building on progress already made, whilst tackling head on the scale and complexity of the challenges ahead. The Housing strategy indicates that as Manchester's population continues to grow, a further 36,000 new homes will need to be built by 2032. Of these new homes, 10,000 will be social and affordable homes. This is in addition the city council needing to retrofit 12,000 existing council homes.
- 2.4 The priorities for the new Housing Strategy have been agreed as follows:
 - Increase affordable housing supply and build more new homes for all residents.

- Work to end homelessness and ensure housing is affordable & accessible to all.
 - Address inequalities and create neighbourhoods & homes where people want to live.
 - Address the sustainability & zero carbon challenges in new and existing housing stock.
- 2.5 Manchester Climate Change Agency is refreshing its Framework and provides a clear message that retrofit of buildings at scale is critical. There will be a number of recommended actions that relate to skills priorities in relation to buildings and retrofit.
- 2.6 Construction Industry Training Board (CITB) – [Building skills for Net Zero 2021](#) indicate 40% of total emissions come from the construction and the built environment sector and the construction industry has a key role to play. The CITB report, Building Skills for Net Zero, demonstrates that this target cannot be met without a rapid and lasting transformation of the construction sector. This revolution must include industry-wide investment in skills, far-reaching skills policy reform and an unprecedented recruitment drive. The challenge is huge, and one in which every construction employer must play a role.
- 2.7 [GMCA Retrofit Task Force](#) brings together the key stakeholders in energy, education and infrastructure to ensure the city-region's homes and buildings are fit for a zero-carbon future. Its aim is to outline how home and building improvements can take place on a mass scale, while identifying opportunities to boost new skills, create good jobs, and drive investment in low-carbon industries. The Task Force includes representatives from local and national government, social landlords, building authorities, colleges, energy suppliers, industry experts and investors and is chaired by the GM Mayor.
- 2.8 Construction Sector Deal sets out an ambitious partnership between government and industry that aims to transform the sector's productivity through innovative technologies and a more highly skilled workforce.
- 2.9 The Housing Strategy alongside the GM Retrofit Taskforce and other Government programmes enables Manchester to be well placed to capitalise on the investment opportunities that retrofit brings and it is critical Manchester develops the skills and training for opportunities for Manchester residents to benefit from these opportunities.

3.0 Challenges

- 3.1 Funding to undertake retrofit programmes remains the key challenge which is stifling the retrofit pipeline. This is in the both the social rented sector and is also a challenge in the private pay for market and private landlords. Research undertaken by Savills estimates the costs to retrofit a property range from £25,000 to £30,000 per dwelling based on stock condition. Assuming an average of £25,000 Manchester Council will require an investment of £211 million to retrofit the council's stock of over 12,000 properties. Government

funding for zero carbon works is currently limited to the poorest performing stock. Certainty of funding to plan for retrofit work is much needed.

- 3.2 This lack of retrofit pipeline has created some uncertainty as to whether there is the staffing resource to undertake large scale retrofit programmes. This is in addition to the “in-house” skills that will be required to maintain new technology, at a time when the wider construction sector is facing an unprecedented skills gap.
- 3.3 The Construction sector has been cited as seeing some of the worst skills and labour gaps when compared with other industries. Construction has long faced challenges in recruiting the people it needs and lacks diversity. Competition with other sectors for skills is getting more intense. Skills shortages in the construction sector are increasing. [CITB Construction Skills Network](#) report estimates an additional 53,200 workers will be required per year from 2022-2026.
- 3.4 Construction has an ageing workforce based on research conducted by the Chartered Institute of Building (CIOB) and a reliance on agency/contract work based on an Institute for Employment Studies report for [CITB \(Jan 2022\)](#). This is driving up rates of pay and providing appeal for short term insecure contracts.
- 3.5 The Green Alliance has published a report [“closing the UK’s green skills gap”](#), which highlights the need for action to ensure the UK job market has the skills necessary for the green economy to develop. The Green Alliance Report identifies specific gaps in skills and makes recommendations for the development of an integrated skills programme to marry the government’s environmental ambitions with its economic and social aims. The Findings;
- Every major sector in the UK needs to close a significant skills gap to enable them to reach net zero.
 - The sectors with the most pressing emissions reductions by 2030 face the most immediate skills shortages, including housing and transport. Along with land use, these sectors already face shortages to deliver the status quo, let alone progress on net zero.
 - Eighty per cent (80%) of the current workforce will still be active in 2030. As well as attracting new green entrants there should be a focus on transferring existing skills and retraining for the green economy.
- 3.6 Specific skills funding relating to retrofit skills/training continues to be in development as the retrofit pipeline emerges. GM has secured £1.1m of European Social Funding to deliver retrofit skills however this is time limited and is predominately for short bootcamp training that is not sufficient to meet the broader skills demand.

4.0 Opportunity

- 4.1 Manchester has an opportunity to support the GM Retrofit Task Force which is leading on a three-year programme that aims to tackle the climate crisis through innovative finance solutions and building the supply and demand for

the skills and jobs needed to grow the supply chain. For example, the recently announced partnership with the Green Finance Institute (GFI) to provide practical and innovative financial solutions to support energy-efficiency improvements for thousands of homes across the city region will help to drive the demand for retrofit locally.

- 4.2 We must build on the good work already taking place in the delivery of retrofit training through the [GM Low carbon academy](#) – skills for retrofit. Since launching, the Low carbon Academy has supported more than 2,200 individuals across 1000 businesses to become upskilled in the retrofit market. There are currently more than 550 people training for retrofit qualifications at the Academy.

Courses include:

- Solar thermal installation
 - Heat pump installation
 - NVQ's for retrofit
 - Understanding domestic retrofit
 - Retrofit assessor and advisor
 - Retrofit coordinator
 - Sustainable constructions skills
- 4.3 The Manchester College is investing in its premises to accelerate and deliver retrofit skills provision alongside employers at both their Wythenshawe and Openshaw campuses alongside existing mainstream construction skills training.
- 4.4 Manchester must also maximise the opportunity through emerging industry specific courses and programmes including skills bootcamps, development of T-Levels and flexi apprenticeships. By bringing together key training partners including the Manchester College, Growth Company, training providers Employers, Housing and DWP (Department for Work and Pensions) we will look to unlock Government and devolved funding to accelerate skills provision alongside career pathways and guidance.
- 4.5 The Manchester College has developed the “T Award”. Those successful in gaining a place on their T Levels or Transition Programmes will be eligible for the ‘T Award’, which provides a package of benefits that includes:
- Free branded work wear
 - £300 per year bursary
 - Specialist training such as drone flight and 3D modelling
 - Guaranteed progression to a Higher Education course at UCEN Manchester
- 4.6 The College has also developed the “Jump Start Programme”. The programme offers a two-week introduction to the College’s Industry Excellence Academy, T Levels and T Level Transition Programmes. The programme is designed to inspire students to think like Architectural,

Construction and Engineering professionals, through a range of project-based learning challenges.

- 4.7 The Growth Company is working with employers to enhance the current Trafford Park Skills Centre and will create a new Green Skills Centre that will develop qualifications and training in emerging technologies including wind turbine, solar panels, ground source heat pumps and smart homes technology. The focus of the training is on upskilling existing employees and this new centre is scheduled to open in September.

4.8 Case Study

  <div>Apprenticeships Courses Higher Education Adult Courses</div> <h1>GREATER MANCHESTER SKILLCENTRE</h1> <p>The Greater Manchester SkillCentre is a purpose built, state-of-the-art training facility, specifically built for training the next generation of apprentices and trainees.</p>
Name: Nathan Barnes-Lowe
Position: Skills Development Tutor
From: Hulme Manchester
I started on the Carpentry & Joinery adult course in July 2021 whilst unemployed but always had a passion for C&J the course was brilliant. I learned a lot from Craig my tutor who helped me progress through the course. It gave me the skills and knowledge to progress to where I am now. The Growth Company employed me as a C&J Technician in November and since starting the role I have taken on other such roles as now I do the inductions for the college and also run the CSCS course as the company has put me through my assessor's qualification. It is a brilliant company to work for they completely changed my life and made my passion a reality, the courses they offer are run to a high standard and I would recommend them to anyone if they wanted to learn a trade.

- 4.9 **The Social Housing Decarbonisation Fund (SHDF)** committed £3.8bn Nationally to improve the energy performance of social rented homes over a 10-year period. The SHDF is currently starting its second wave. Wave 2 is expected to open in August/September 2022 with circa £800m of funding to support the installation of energy performance measures in social homes in England. The bid for Greater Manchester will be led by GMCA, and Manchester City Council, together with several RPs, is expected to put forward a significant funding bid to address Manchester properties. The work will be delivered over a two-year period starting in March 2023.

- 4.10 Collaboration therefore with Housing colleagues as part of the Housing Strategy 2022- 32, and the development of their Retrofit Plan for the whole of Manchester will help to establish and stimulate the retrofit pipeline. There is an opportunity to ensure that both employers and training providers are engaged to ensure Manchester training organisations can quickly scale up and deliver demand led training provision in retrofit as the pipeline develops. The Manchester work and skills team has convened a group of the main training providers in the City alongside Manchester Housing Partner and Provider Network (MHPP) to establish the current retrofit training provision in order to develop localised skills pathways based on the emerging pipeline.
- 4.11 The Council has established a Zero Carbon Finance and Investment Sub-group to investigate funding opportunities for zero carbon work and to engage with others externally on this agenda. Housing are also supporting the GMCA in identifying and developing new funding mechanisms for homeowners.
- 4.12 Working alongside Housing Strategy and Procurement it is crucial to ensure that skills are embedded as part of the Housing Retrofit Plan and funding is unlocked as the pipeline is developed. One example of this is Manchester City Council working the Carbon Co-op on the [Levenshulme Area Based Retrofit Scheme](#) to support the retrofitting pre-1919 terraced homes in South Manchester. Carbon Co-op acts as the client intermediary for the works, to design and deliver retrofit as one project. This approach allows for bulk procurement meaning houses of all tenure-types can benefit from economies of scale, in a pilot that can be replicated elsewhere.
- 4.13 The Red Coop also have a speciality in retrofit and have delivered successful projects in Manchester which has provided helpful insight and methods which can demonstrate the practical and financial benefits of retrofit which is being used to deliver the GMCA led [YOUR HOME BETTER](#). Working with Urbed and carbon co-op, Red Coop have also developed a [Retrofit Pattern Book](#) that aims to radically improve the quality of the construction on retrofit, which can be used in developing skills provision.
- 4.14 There is an opportunity to use social value to develop meaningful engagement with residents, schools and communities to equip them with the guidance and knowledge that highlight the skills and employment pathways of the future. Mapping employers and business owners to become T-level delivery partners presents an opportunity for employers to deliver their social value commitments. As industry partners the college provides employers with an industry partnership award scheme that recognises and promotes the level the level of engagement a useful tool to report and demonstrate the impact of activities.
- 4.15 A good example of using social value to deliver engagement in green skills is on the Our Town Hall Project. The project utilised their contractors and design team to support the Speakers for Schools Green Skills Week and Work Experience Initiative. During the week 23 students attended from a variety of Manchester schools and colleges, and were provided with valuable insight

days, practical experience and access to unique training and recruitment opportunities.

See feedback from the students below in *Figure 2*.



4.16 Build on the Our Year activity and that of the BEE Green summit to create and implement STEM (Science, Technology, Engineering and Maths) and CEIAG (Careers Education Information Advice Guidance) programmes and materials to support the development of a future workforce generation that are passionate about the environment and who want to join the battle against the climate emergency. This also presents an opportunity to further disrupt formal academic pathways and promote apprenticeship and T-level routes.

4.17 The strength of the construction pipeline and future retrofit pipeline suggests that Construction could be perceived by residents as a secure industry. This presents an opportunity for residents with recent work experience from industries which might have suffered upheaval, job losses or now seem insecure.

5.0 Conclusion

5.1 GM construction pipeline is very strong, and the sector is already faced with significant skills challenges alongside an aging workforce. Many of the skills required for retrofit are a divergence of existing construction skills, which are already in high demand.

5.2 The high capital cost of retrofit and a lack of grant funding alongside an under-developed supply chain is discouraging property owners to retrofit.

5.3 There are pockets of best practice taking place in relation to the delivery of retrofit training in Manchester through the Manchester College, Growth Company, Carbon Co-Op and the Retrofit Academy.

- 5.4 Training providers are aware of the challenges and the need to adapt and flex retrofit skills/training, ensuring the most up to date technology being deployed in the industry.
- 5.5 It is important that retrofit skills are embedded as part of Manchester's Housing's Retrofit Plan so when funding is unlocked, Manchester's training organisations can scale up and deliver employer/demand led skills required to retrofit Manchester's homes.
- 5.6 Manchester's skills partners will also work closely with the Manchester Climate Change Agency to support the delivery of the skills priorities outlined in their recommended actions of the refresh Manchester's Climate Change Framework.

6.0 Recommendation

- 6.1 It is recommended that the Committee note and comment on the content of the report.