



Executive summary

Decarbonising Ireland's building stock

How immigration policy can help solve
workforce challenges

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Executive summary

Under Ireland's Climate Action Plan, the government has committed to large reductions in emissions across sectors such as power generation, residential buildings, transport, and agriculture. Retrofitting residential buildings is considered to be one of the most important decarbonisation measures for the country. There are significant challenges given the nature of Irish housing stock and the fact that Ireland has lagged significantly behind other European countries on renewable heating.

The Irish government has committed to ambitious targets to retrofit 500,000 homes and to install 680,000 heat pumps in existing and new homes by 2030. A key challenge is how to develop the workforce required. This paper explores labour shortages and skills gaps in depth and asks a new question: how can Ireland most effectively use its immigration policy to support a rapid scale-up of retrofitting in the context of its decarbonisation targets? The report focuses primarily on the workforce for residential retrofitting, given the clear climate imperative of this aspect. However, it also takes into account the Housing for All strategy which seeks to address the chronic housing shortage in Ireland, given the interdependency of the workforces across retrofitting and building new homes. This research builds on ODI's previous work in this area, which has proposed that labour migration could support green transitions if governments act proactively and cooperate on green skills programmes.

The government has made progress under its National Retrofitting Plan. Stakeholders interviewed for this research reported significant positive developments, with increased grant funding, more certainty in public policy, and strong efforts to drive

consumer demand and build the retrofit market. Gaps in policy, and particularly in financing, remain and will inevitably need addressing, but property upgrades are increasing rapidly, and the One Stop Shop model has helped to simplify the retrofitting process. Despite this progress, forecasts show that on its current trajectory Ireland will fall far short of its retrofit targets; for many stakeholders the availability of appropriately skilled labour is the single biggest barrier.

Workforce forecasts for the construction sector to meet retrofitting and Housing for All targets are considerable. Estimates range from over 50,000 to 120,000 additional workers, far greater than any other net zero area. While there is hope that modern methods of construction will increase the sector's productivity and reduce its demand for labour, this is mainly relevant to new builds; retrofitting largely requires more traditional methods and will remain labour intensive.

Research and forecasting exercises show that the top occupations in shortage are craft occupations (such as plumbers, electricians, carpenters, and insulation operatives). Estimates point to a range of 30,000 to 60,000 additional craft workers required before the end of the decade. Elementary (manual) construction workers are also critical, with a recent study predicting a shortfall of over 24,000 workers in this low-paid category. The consultation for this research revealed that this group of workers risks being overlooked. The recruitment challenge is urgent, with the bulk of workers – particularly craft workers – needed by the end of 2026 to meet 2030 targets.

The government is making robust efforts to provide upskilling courses for retrofitting and

to increase new entrants to the sector via apprenticeships. The new NZEB (nearly zero energy building) Centres of Excellence are appreciated for their strategic geographic spread, substantial capacity and well-funded courses. While enrolments are increasing, their main constraint is widely acknowledged to be in attracting learners. However, upskilling will not provide the new entrants that are so critical, and efforts to attract young people into the sector are fundamental. Government efforts via the new Careers in Construction Action Plan and to promote apprenticeships are significant. However, with the exception of electricians, registrations for craft apprenticeships are not increasing rapidly. Great concern remains around workforce challenges and there is a desire for quicker solutions.

Challenges need to be evaluated in the wider labour market context given Ireland's exceptionally low unemployment rate and chronic labour shortages across multiple sectors. The construction industry is particularly struggling given its legacy issues since the collapse of construction investment, output and employment following the global financial crisis. Over 100,000 Irish construction workers emigrated after the crash and foreign workers left in droves. While the industry is very much in recovery, with employment levels once again high, it still suffers from negative perceptions and is not seen as an attractive option for many school-leavers.

In line with industry growth, migrant construction workers are increasingly taking up construction jobs again. However, the profile of workers has changed. The traditional European Union (EU) workforce, from countries such as Poland and Romania, is now a less important cohort. The most recent data also shows a fall in the number of Irish

construction workers and that foreign workers have been solely responsible for driving workforce growth over the past year.

It is clear that Ireland will not achieve its retrofitting objectives unless it makes more systematic use of its immigration system to attract more migrant workers. The government has already recognised the importance of immigration solutions, making multiple changes, since 2019, so that more construction occupations are eligible for employment permits. A number of highly skilled occupations are on the Critical Skills list, while most construction occupations are now eligible under the General Employment Permit category. This has achieved results, though these are limited when it comes to the key craft occupations most in shortage. Also clear from this research is that small firms, which dominate the sector, struggle to use the employment permit system given their low administrative capacity. The undersupply of affordable housing for workers was also frequently cited as a key constraint curtailing international recruitment.

The demand for more accessible migrant labour – and how this is being met through other routes – is also visible, though not widely discussed in workforce development efforts. Migrant workers (particularly Brazilians) gain access to the construction sector via student immigration permissions when coming to learn English. Firms go directly to Direct Provision centres to recruit international protection applicants. International protection applicants and refugees (who are often overqualified) are also seeking out basic construction courses where programmes are accessible, as demonstrated by the experience of St Andrew's Resource Centre, documented in the report. However, Ireland has no strategic approach to facilitating international

protection applicants' and refugees' access to the construction sector – a missed opportunity in light of chronic labour shortages.

In addition, there is anecdotal evidence that many Georgians are applying for international protection and taking up work on construction sites rapidly upon arrival in Direct Provision centres (i.e. before waiting six months to apply for a permit). Conservative estimates with the limited data available show this cohort may well be significant, especially when compared to the number of employment permits issued for the construction sector. It is increasingly clear that at least some international protection applications are driven by limitations in regular pathways for migration. The idea of establishing legal pathways for Georgians has been discussed between the Georgian and Irish governments. However, while Georgia has successfully developed bilateral agreements with a number of other EU countries, no progress has been made on any agreements with Ireland as yet.

Interviewees also reported that the government is increasing its efforts to support construction firms in their international recruitment, targeting South Africa in the first instance and looking for highly skilled professionals such as construction managers or quantity surveyors. Proactive efforts

to recruit craft workers internationally are less evident. In addition, the implications of having less access to lower-paid construction workers via the EU workforce has not fully landed in workforce and immigration policy discussions. In the main, an outdated default position remains that third-country nationals are sought after for their high skills, while manual labour will be supplied by the EU. This is despite growing evidence that migrant construction workers will increasingly come from non-EU countries and in contrast to the European Commission's efforts to emphasise the need to attract migrant workers of *all* skill levels to support Europe's green transition.

The government needs immigration solutions tailored to the needs of small and medium sized enterprises (SMEs), and to enable recruitment of workers into mid-skill and more elementary construction occupations. Enterprise Ireland could act immediately to simplify international recruitment by offering exemption letters to construction firms so that the labour market test could be avoided. In addition, this paper proposes five immigration policy options for consideration (see **Box 1**). Importantly, any action taken to increase immigration into the sector should go hand in hand with explicit efforts to protect migrants' rights, monitor workplace conditions and ensure enforcement of labour laws.

Box 1 Immigration policy solutions

1. Put all craft occupations on the Critical Skills list or create an enhanced General Employment Permit for the construction sector

Putting the craft occupations that are most in shortage on the Critical Skills list would make migration more attractive for these essential workers given the enhanced rights under this permit. This proposal would require an amendment to the Employment Permits Regulations to include these occupations in the Critical Skills list and also because normally a degree qualification or higher is needed for eligibility if the remuneration is below €64,000. This amendment could include the stipulation that a trade qualification is sufficient for craft occupations to be eligible. Fortunately, these Regulations can be revised without parliamentary intervention, and they are commonly changed in the government's periodic reviews. Alternatively, an 'enhanced' general employment permit could be created for the construction sector alongside reforms to the family reunification and residency policy to attract more craft workers.

2. Consider a 'job search' permit targeted at construction occupations

A 'job search' visa is already offered by nine Organisation for Economic Co-operation and Development (OECD) countries to allow highly skilled workers and/or those in shortage occupations to come in search of work. One benefit is that employers can meet prospective hires before committing, which is likely to be helpful to small construction firms. This new permit category could be the subject of a limited trial and tailored for craft workers. It may be attractive given a temporary permit could be issued, with the obligation that workers process a change of permit once they accept a job offer, hence maintaining the employer-led aspect at the centre of Ireland's employment permit system.

3. Support international protection applicants and refugees in Ireland to access construction jobs

Evidence shows that a strategy to promote and facilitate entrance into construction is likely to be attractive to some international protection applicants and refugees who see the sector as offering a viable livelihood or useful stepping stone in their career. The training infrastructure in place already offers practical opportunities for upskilling in retrofitting, which could be combined with English courses. There is also an opportunity to shape any new intervention for this group around new roles such as retrofitting assistants and to include efforts to match trainees with retrofitting subcontractors via a connection with the One Stop Shop network.

Box 1 Immigration policy solutions (continued)

4. Make better use of the untapped global pool of refugee talent

There is also potential to scale up construction sector recruitment under the Displaced Talent for Europe (DT4E) pilot that is already underway in Ireland. This pilot supports employers to recruit refugees via the employment permit system. The government could work more closely with DT4E partners to prioritise retrofitting, an attractive option given the potential refugee candidates include high numbers of craft workers. There is also scope for efficient international recruitment, using a cohort-hiring approach or roadshows in countries of origin using DT4E's already established networks of partners and identified talent pool.

5. Develop mobility partnerships with upskilling in the country of origin

Focused intervention in skills mobility partnerships would create a pipeline of workers with the right skillset for retrofitting. A partnership with Georgia could move people from an international protection channel to a labour pathway. Georgia's well developed vocational and technical education infrastructure and successful experiences tailoring courses as part of bilateral partnerships make the country an attractive potential partner. In addition, the Irish government could consider a 'hire-train-move' model, where cohorts of refugees are upskilled overseas, with strong organisations already in place to work with to deliver this model.

The government is well placed to innovate, given its existing partnerships and well-developed training infrastructure, with capacity to expand. There is also a desire to move from a fragmented system to a whole-of-government approach

on immigration. Pursuing tailored immigration solutions to achieve national retrofitting and Housing for All targets provides an ideal focus for coordinated cross-governmental efforts.