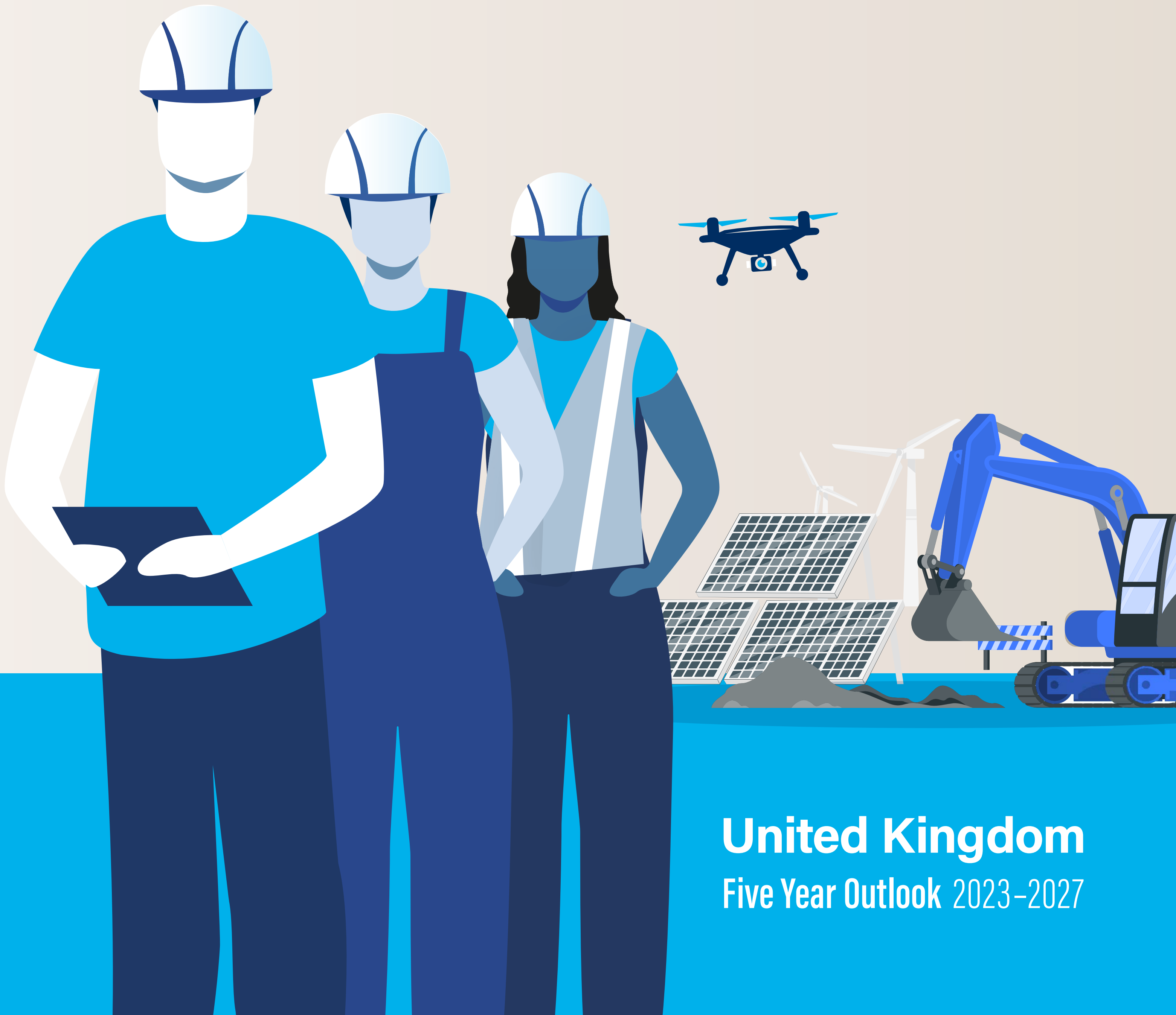
CONSTRUCTION SKILLS NETWORK

# The skills construction needs



## United Kingdom

Five Year Outlook 2023–2027

# Who we are

CITB is the Industrial Training Board (CITB) for the construction industry in Great Britain (Scotland, England and Wales). CITB uses it's research and labour market intelligence to understand the sector's skills needs, and works with industry and governments to make sure construction has the right skills, now and for the future.

CITB is modernising its funding approach to invest in areas that will deliver the best returns for industry, and enable the sector to attract and train talented people to build a better Britain.

Experian's Construction Futures team is a leading construction forecasting team in the UK, specialising in the economic analysis of the construction and related industries in the UK and its regions. As such we have an in-depth understanding of the structure of the construction industry and its drivers of change. The Construction Futures team has collaborated on the Construction Skills Network employment model with the CITB since 2005, manages a monthly survey of contractors' activity as part of the European Commissions' harmonised series of business surveys, and a quarterly State-of-Trade survey on behalf of the Federation of Master Builders.

# Contents

2023
2027



2023
2027

# Demand for construction workers in the UK is still high despite economic uncertainty.

# Foreword

Although the UK economy is facing a recession in 2023, the construction industry still needs to recruit extra workers. An increase of just under 45,000 per year is needed over the next five years to meet expected output.

Construction companies have faced significant input cost inflation from supply chain disruptions, high energy costs, and soaring wage bills caused by worker shortages. However, construction output has performed better than expected, with estimated annual growth of around 4% during 2022.

With GDP declining through 2023 and possibly into 2024, it is unlikely that construction will continue to out-perform the economy. The overall output growth rate will, as a result, average 1.5% per year between 2023 and 2027, a reduction on the 3.2% rate in the 2022-2026 outlook.

As the recession is likely to be shallower in terms of declines in GDP than seen in 2008 and 2020, the forecast has a decline in UK construction output for 2023 of -0.5%. There is a return to growth in 2024 through to 2027, with the commercial, infrastructure and industrial sectors looking set to weather the downturn slightly better than new housing or housing repair and maintenance.

The construction industry still has a long-term challenge in recruiting workers with high levels of job vacancies and low levels of unemployment likely to persist. Recruiting and developing the workforce for the future remains vital to ensure the industry can contribute to growth, such as building the homes the country needs, the infrastructure for energy and transport and retrofitting the built environment to meet net zero targets. With vacancies set to remain high, it is important that construction companies make use of support to continue recruiting, training and developing the workforce needed for coming years.

As the recession, high costs and interest rates bite, it is critical to ensure the industry doesn't lose workers and continues to invest in skills for when the recovery is felt. CITB is responding to these challenges by investing in apprenticeships, launching a range of innovative initiatives and working collaboratively with industry, to support it to have a skilled, competent, and inclusive workforce now and in the future.

We have invested almost £50m of Levy to support over 22,000 apprentices, directly trained over 2,900 new recruits through the second phase of the Construction Skills Fund and supported over 16,000 learners with grants to complete their qualifications. Direct funding has been provided to over 1,600 businesses to invest in their workforce, with grants helping to fund over 269,000 training courses. In total, £97m has been invested in grant funding by CITB, to make it as easy as possible for employers to recruit and retain their skilled workforce.

CITB's Scottish Academy for Construction Opportunities (SACO) commission has awarded £1.3m across the Highlands and Islands. This investment will directly help address the construction industry's skills gap, increase employment retention, and provide vital support to new starters at the beginning of their construction careers. While our England Construction Opportunities (ECO) commission has awarded a total of just over £1.8m.

In response to concerns from employers that there was a lack of work-readiness among new entrants, in 2021 we launched Onsite Experience Hubs to bridge the gap between training and working. There are now nine hubs across England and four in Wales creating a talent pipeline to meet the needs of local construction employers and to support construction career opportunities for people from local communities. The programme will result in 7,780 people becoming employment and site-ready with 3,350 people securing sustained employment within the next three years. In addition, hubs in Wales are delivering onsite experiences to over 1,600 full-time Construction Diploma students to make them better equipped to enter employment on completion of their studies.

Recognising the need for localised solutions, more than £800,000 has been invested to launch a new employer network pilot project, which could revolutionise the way the construction industry accesses and receives funding for training in the future. Over 3,800 levy-registered construction businesses are eligible to benefit from the pilot, offered across five locations in England, Scotland and Wales.

Training is a vitally important area. We recognise that specialist training can be difficult for employers to access, and so have reattained and invested in National Construction College (NCC) sites, to help meet the industry's training needs. By focusing our curriculum to respond to unmet demand, we are looking to build capacity for the industry, especially in areas such as access and plant. In the 2022/23 financial year to date, we have trained 4,400 people through our NCC sites, a 25% increase on last year.

CITB continues to develop its leadership and management strategy and is offering a range of support to help develop and retain existing talent. Our £10.5m Leadership and Management commission will provide funding for businesses of all sizes to claim money to invest in the development of their employees. Payments of between £2,500 and £50,000 are available.

The next 18 months won't be easy, however, I remain inspired by the construction industry's resilience shown during the pandemic and throughout 2022. I take heart from the long-term picture, and I am confident that the range of skills initiatives CITB introduced in the last 12 months will help employers and new entrants across the UK.

**CITB WILL STRIVE TO ATTRACT AND TRAIN A DIVERSE RANGE OF RECRUITS FOR INDUSTRY, EQUIPPING THEM WITH MODERN SKILLS FOR REWARDING CONSTRUCTION CAREERS. I LOOK FORWARD TO WORKING WITH INDUSTRY AND STAKEHOLDERS IN THE CHALLENGING TIMES AHEAD, EMERGING STRONGER WHEN THE RECESSION ENDS.**

**Tim Balcon**

CITB Chief Executive
January 2023

# UNITED KINGDOM

2023
2027

This workforce and economic forecast, the most comprehensive of its kind, predicts that:

Key facts and figures

Extra workers will be required to meet UK construction output.

**224,900**

Output growth for all nations and regions over the forecast, however recession expected in 2023 with slow growth returning in 2024.

**UK-wide growth**

Major sectors for demand are:

**Private housing**
**Infrastructure**
**Repair and maintenance**

If projected growth is met, by 2027 construction workforce will remain around:

**2.67m**

# Macroeconomic backdrop

- **HIGH INFLATION AND INTEREST RATES, A COST-OF-LIVING CRISIS**
- **RECESSION TO LAST THROUGH 2023**
- **OECD PREDICTS UK ECONOMY TO CONTRACT MORE THAN ANY OTHER G7 NATION**

Having bounced-back in 2021, with an annual increase in gross domestic product (GDP) of 7.5%, the UK's economic growth in 2022 slowed in the first half of the year, before declining by -0.2% in Q3.

Inflation is at a forty-year high with Consumer Price Index (CPI) reaching 11.1% in October and households are struggling with an unprecedented cost-of-living squeeze. Inflation is outstripping increases in pay and benefits and is hitting all aspects of household spending, from food and drink through to gas and electricity prices. People's real household disposable income is set to fall by around 7% over the next two years. While the Energy Price Guarantee (EPG) scheme, announced by the UK Government has started to help to hold gas and electricity bills at approximately £2,500 a year for the average household, it has been scaled back from its initial two-year commitment. Changes from 1st April 2023, are likely to see continued support for some households though not all, which will keep some pressure on inflation for the first half of 2023.

Rising interest rates have also added further strain to household budgets in terms of increased mortgage rates and borrowing costs. A situation that is likely to continue as the Bank of England tries to get inflation under control. While uncertainty in the financial markets caused by the mini-Budget has stabilised tax rises and spending cuts announced in the UK government's 2022 Autumn Statement are likely to have consequences across the forecast period and beyond in terms of limiting consumer spending power. The Office for Budget Responsibility (OBR) predicted that household disposable incomes would fall by 4.3% in the 2022/23 financial year and by 2.8% in 2023/24, the sharpest declines since records began. It is inevitable that this will impact demand. The second half of 2022 witnessed a downward trend in retail sales and record low consumer confidence readings.

The latest data points to the UK being in a recession, when Q4 2022 details are published it is expected to show two consecutive quarters of declines in GDP. This is the view of independent forecasters, the Bank of England (BoE), and the UK's Chancellor when delivering his Autumn Statement in parliament. In forecasts published in November 2022 the OECD predicted that the UK economy will suffer a bigger blow from the global energy crisis and contract by more than any other nation in the G7 group in 2023, and a downturn in the economy is also indicated by the S&P Global/CIPS Purchasing Managers Indices (PMI) which shows business activity declining across the latter part of 2022.

However, it's unlikely that the recession will see a drop in GDP on the scale of that seen in 2020 or 2008, with forecasts generally expecting a shallower but longer downturn.
For the forecast in this report, we've assumed that the recession will last through 2023 and possibly into the start of 2024, after which point growth returns in the second half of 2024 through to 2027.

In the face of the challenging macroeconomic conditions, the labour market has continued to demonstrate mixed and even counterintuitive characteristics. The high level of job vacancies towards the end of 2021 and start of 2022 has continued, while unemployment rates have remained relatively low and economic inactivity has increased; people have continued to leave the labour market despite high demand and rising wages. The latest Office for National Statistics (ONS) data showed that the number of job vacancies has eased back slightly from 1.25m at the end of August 2022 to just under 1.19 million in the three months to November 2022, while the unemployment rate continued to remain low at 3.7%. Economic inactivity is sitting at 21.5%, which is linked to long-term sickness keeping older workers (aged 50-64) out of the labour market and younger workers (aged 16-24) turning to education. The ONS estimate that half a million more people are not in the labour market, when compared to pre-Covid levels, primarily due to an increase in long-term sickness.

While there is likely to be an increase in unemployment levels during 2023 and possibly into 2024, we are expecting an underlying tightness in the labour market to continue and recruitment to remain highly competitive.

# Construction sectors

2022 started with construction output being 3% lower than the pre-Covid levels of work seen in 2019.

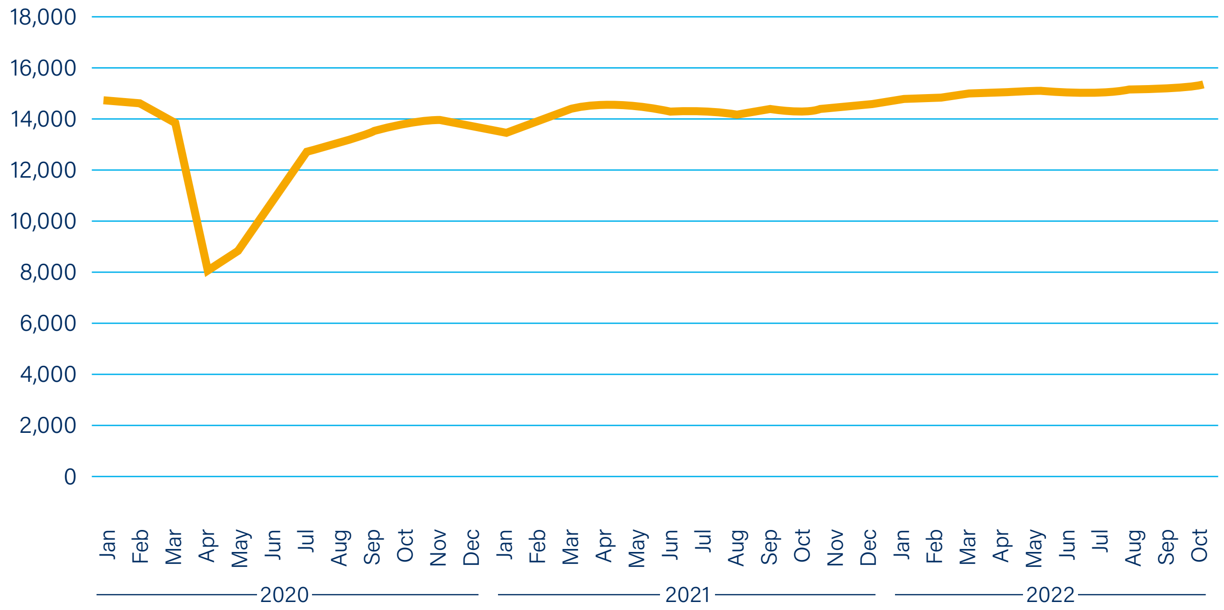
Although monthly output figures have seen some fluctuation in the face of challenging conditions, they have held up surprisingly well. Our estimate for the end of 2022 is for annual construction output growth of around 4% which would put the construction industry back above pre-Covid levels, with total UK construction output approaching £180bn. The main drivers of this growth in 2022 have been new housing, industrial and the repair and maintenance sectors, along with steady performance from infrastructure and commercial new work.

Although the 2023-2027 forecast is made seven months on from the 2022-2026 Outlook, the economic challenges outlined in the previous section have resulted in a downgraded view of growth prospects. The forecast now projects a negative annual output rate of -0.5% in 2023, with the five-year average annual growth (AAG) rate lowered to 1.5%. Although muted when compared to previous forecasts, it also indicates a fairly stable workload rather than significant drops, which was the case in 2008, although there will be a mixed performance over the different sectors.

## MONTHLY CONSTRUCTION OUTPUT 2020-2022 – UNITED KINGDOM

Source: Office for National Statistics, Output in the Construction Industry, Dec 2022

£m, constant 2019 prices




2022 annual construction output growth estimate

**4%**

## INDUSTRIAL

The Industrial sector has a projected average annual growth rate of 2.8% over the five years to 2027, which is the strongest of any sector, although this in part reflects its starting point from a weak base after falls in 2020. Growth in 2022 is shaping up to be very good, with output increasing 43%, partly due to a delayed recovery in the warehouse sector and partly due to the expected start of construction on the UK's first Gigafactory in the North East of England by the end of the year. However, this could be adversely impacted by news that Britishvolt, the firm behind the development, has been facing investment issues and nearly ran out of money in October 2022. A further facility is expected in the West Midlands by the end of 2027.

## COMMERCIAL

While commercial construction suffered during the pandemic, its challenges started well before this in the aftermath of the 2008/09 financial crash. In 2019, pre-pandemic, output in the sector in real terms was still 23% below its 2008 peak, before it crashed by 22% in 2020. The recovery still did not materialise last year, with a further contraction of 5.5%, making it the only sector to see a significant fall in output in 2021. The sector is expected to return to growth in 2022 and to post an annual average expansion of 2.4% over the five years to 2027, higher than the rate for all construction (1.5%). However, despite this level of growth, output in 2027 is still expected to be 16% below its pre-Covid level, and over a third below its 2008 peak.

## PRIVATE HOUSING

The projected annual average growth rate for private housing over the 2023-27 period, at 2.1%, is only slightly above that for the public housing sector at 1.1% as the sector is starting from a much stronger base. We are expecting a drop in output for new housing in 2023 as the housing market saw a sharp month-on-month decline in October 2022 with a 0.9% drop, the first monthly contraction since July 2021. The reason is largely attributed to the impact of the mini-Budget increasing interest rates and consequently driving up mortgage payments. This was likely to trigger the beginning of a house price decline, with prices expected to continue to drop over the coming months given that inflation will remain high, which will then lead to higher Bank rates. However, over the longer term the UK still has underlying mismatch between demand and supply which will help to deliver growth.

## INFRASTRUCTURE

In 2021 infrastructure was the only sector in which output exceeded its pre-Covid level, therefore it was at a high point entering 2022. We're expecting a very slight dip in output over 2022, before returning to low levels of growth in the next few years, giving the sector an annual average growth rate of 1.7% over the five years to 2027. Large scale projects such as Hinkley Point C, HS2 and several offshore wind farm developments will continue to provide output over the forecast and with support for new projects such as Northern Powerhouse Rail, Sizewell C and the Lower Thames Crossing, the pipeline of infrastructure work remains strong.

## PUBLIC HOUSING

For the public housing sector average annual growth rate has been downgraded to 1.1%, with 2023 now expected to see a contraction of 4.4%. This will undo some of the progress made post-pandemic and will mean that by 2027 output could remain almost below 2019 levels.

## PUBLIC NON-RESIDENTIAL

The public non-residential sector had seen declining output since 2017 and we expect this to continue falling in 2023 before growth from 2024 as the Government has struggled to get new hospitals and school projects off the ground. This profile results in a projected annual average growth rate for the sector of 0.3% in the 2023-27 period, the lowest of any construction sector and a substantial downgrade on the previous forecast.

## REPAIR & MAINTENANCE WORK

Repair & maintenance work (R&M) bounced back strongly in 2021 and is already above its pre-pandemic level, while new work is not. However, the view for the sector over the next five years is weaker than new work, with an annual average growth rate of 0.9% compared with 1.9% for new work.

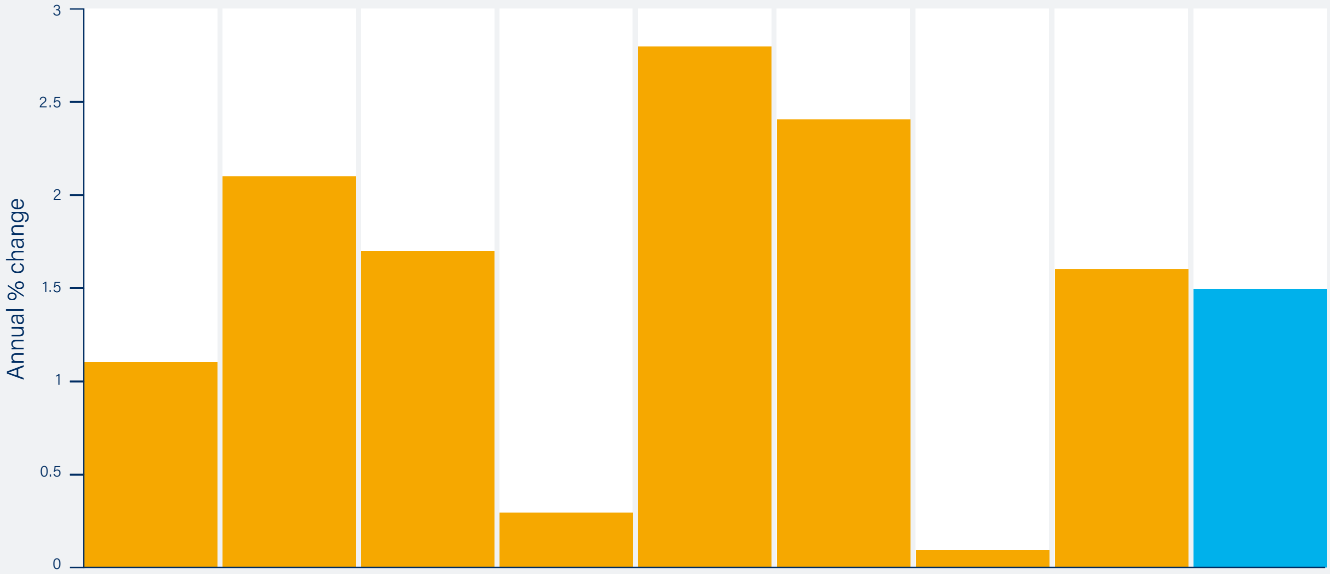
## HOUSING / NON-HOUSING R&M

The housing R&M sector is expected to barely grow in the next five years, with an average growth rate of 0.1%, mainly due to a drop of 4% expected in 2023 with household budgets being constrained. The non-residential R&M sector is expected to fare slightly better with an AAG rate of 1.6%, with almost no growth in 2023. The main drivers of public housing R&M output growth are likely to be related to energy efficiency upgrades, such as the £3.8bn the government is providing through the Social Housing Decarbonisation Scheme, and the £2.5bn through the Home Upgrade Grant Scheme. On the private side, despite the scrapping of the Green Homes Grant, other support schemes to decarbonise homes remain in place and ECO+ will be launched in April 2023. Furthermore, new safety regulations in the Fire Safety and Building Safety Acts should provide a boost to the sector.

## ANNUAL AVERAGE OUTPUT GROWTH BY SECTOR 2023-2027 – UNITED KINGDOM

Source: Experian
Ref: CSN Explained, Section 4, Note 2

| Public housing | Private housing | Infrastructure | Public non-housing | Industrial | Commercial | Housing R&M | Non-housing R&M | Total work |
|---|---|---|---|---|---|---|---|---|
| 1.1% | 2.1% | 1.7% | 0.3% | 2.8% | 2.4% | 0.1% | 1.6% | 1.5% |




## CONSTRUCTION OUTPUT – UNITED KINGDOM (£ MILLION, 2019 PRICES)

Source: Experian
Ref: CSN Explained, Section 4, Note 2

| | Estimate | Forecast (Annual % change, real terms) | | | | | Annual average |
|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2023–2027 |
| Public housing | 5,248 | -4.4% | 1.5% | 2.5% | 2.9% | 2.9% | 1.1% |
| Private housing | 40,608 | -0.2% | 2.3% | 2.6% | 2.8% | 2.9% | 2.1% |
| Infrastructure | 27,877 | 0.5% | 0.3% | 2.7% | 2.4% | 2.4% | 1.7% |
| Public non-housing | 9,414 | -3.7% | 0.8% | 1.0% | 1.8% | 1.9% | 0.3% |
| Industrial | 6,793 | 5.1% | 3.8% | 1.2% | 1.9% | 1.9% | 2.8% |
| Commercial | 22,864 | 2.0% | 2.0% | 2.6% | 2.7% | 2.6% | 2.4% |
| **New work** | **112,804** | **0.3%** | **1.7%** | **2.4%** | **2.5%** | **2.6%** | **1.9%** |
| Housing R&M | 31,951 | -3.9% | 0.1% | 1.0% | 1.7% | 1.9% | 0.1% |
| Non-housing R&M | 35,234 | 0.2% | 1.1% | 2.6% | 2.0% | 2.2% | 1.6% |
| **Total R&M** | **67,186** | **-1.7%** | **0.6%** | **1.8%** | **1.9%** | **2.1%** | **0.9%** |
| **Total work** | **179,990** | **-0.5%** | **1.3%** | **2.2%** | **2.3%** | **2.4%** | **1.5%** |

The annual average growth rate is the rate of growth between the end of 2022 and the end of 2027, i.e., a five-year period.

Total UK construction output

**£180bn**

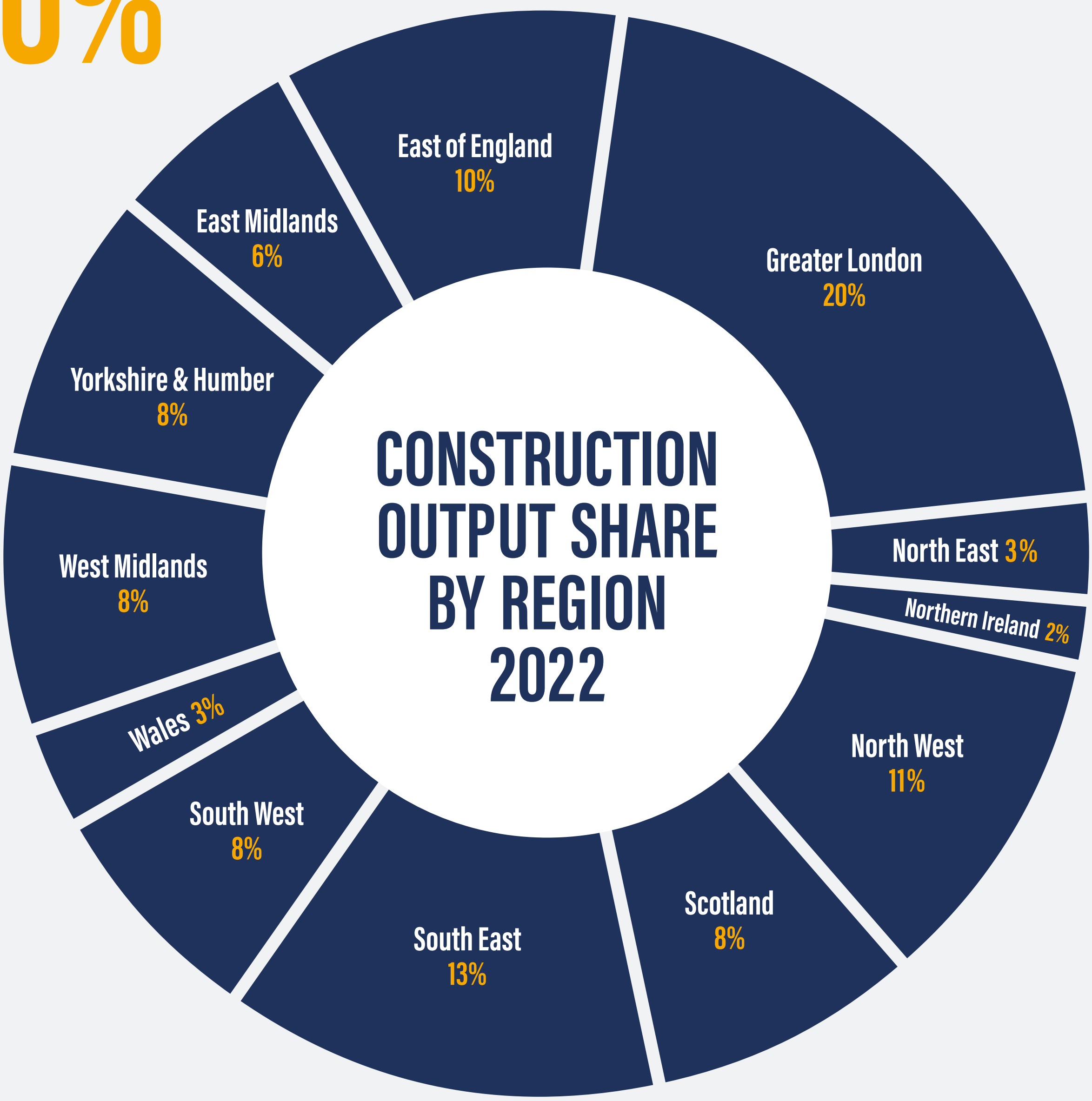
# Nations and Regions

Five regions are projected to have annual average growth rates above the UK's 1.5% from 2023 to 2027, these are the East of England, Greater London, East Midlands, the South East, and Yorkshire & the Humber.

Northern Ireland is expected to perform almost in line with the UK, and the remaining nations and regions slightly lower. As the overall growth rate for the UK is 1.5%, the level of regional variation is still modest and not of the scale we've seen in previous forecasts, which is probably a reflection of the cost-of-living crisis having a similar impact across the nations and regions. The chart shows the regions and nations contribution to UK output, with Greater London accounting for a fifth of total value.

Largest share of UK output, Greater London

**20%**






Source: ONS, NISRA, Experian

## YORKSHIRE & THE HUMBER
## 2.2%

Yorkshire & the Humber is expected to record one of highest growth rates over the next five years with an average annual growth rate (AAG) of 2.2%. The primary driver of this growth will be the infrastructure sector, with a projected AAG of 5.4%. The Integrated Rail Plan would provide a substantial boost in the region's economic activity as it is scheduled to support the beginning development of the planned £4.2bn West Yorkshire mass transit system with an immediate fund of £200m.

## EAST OF ENGLAND
## 2.2%

The East of England is also set to record one of the highest rates in the country, with an AAG of 2.2% over the five years to 2027. This region's expansion is even more skewed towards the infrastructure sector than Yorkshire & the Humber and is expected to grow by 13.1% over the next five years. Several major projects are underway such as the £8.2bn package for Lower Thames Crossing Point and around £20bn for Sizewell C nuclear power station.

## GREATER LONDON
## 1.9%

Greater London is projected to grow by 1.9%, which marks a downward revision since our latest report. The main driver is expected to be the housing sector in which major projects like the Affordable Homes Programme (AHP), estimated to cost around £7.5bn, and the London's Mayor secured funding of £3.4bn to deliver almost 30,000 homes are expected to boost growth in the region. That said, given house price developments, near term risks remain to this sector. The strongest expansion is expected to be in the commercial sector (AAG of 2.7%), which is closely followed by the private housing sector which is predicted to grow on average by 2.6% on an annual basis over the next five years.

## SOUTH EAST
## 1.8%

The South East is expected to have a relatively buoyant construction market, with annual average growth of 1.8% predicted for the five years to 2027. The industrial and private housing sectors are projected to have healthy growth rates over the predicted horizon and expected to grow on an annual basis by 4% and 3.6%, respectively.

## EAST MIDLANDS
## 1.6%

The East Midlands is predicted to see annual average growth of 1.6% over the next five years, which is slightly higher than UK's average growth rate of 1.5%. The £1.5bn Midland Main Line railway project will upgrade a 155km stretch of track from Market Harborough to Sheffield. This section is scheduled to be completed by 2023 and could boost infrastructure output in the middle of the forecast horizon. Another major project for the region is the renovation plan of the City Ground, the stadium of Nottingham Forest Football Club. According to the schedule, the re-development is about to bring capacity from 30,000 to 35,000 and the total cost is estimated around £100m.

## NORTHERN IRELAND
## 1.4%

Northern Ireland is projected to grow almost in line with the rest of the country over the next five years (AAG of 1.4%). The infrastructure sector is expected to exhibit the highest growth rate in the region (AAG of 2.6%), followed by the commercial sector (AAG of 2.2%). The York Street Interchange project is expected to be a major driver in output's growth in the region as it will provide a solution to the significant traffic bottlenecks in North Belfast. The total estimated cost is expected to be £165m.

## WALES
## 1.1%

Wales is projected to see annual average output growth in the 2023-27 period of 1.1%, which is below the UK rate. The industrial and commercial sectors are expected to be the main drivers of growth in the region and rise by an annual average of 2.8% and 2%, respectively, over the forecast. One of the largest projects is the £500m Dowlais Top to Hirwaun section of the A465 Heads of the Valley Road which will run through to mid-2025. Moreover, the Cardiff Council approved plans earlier this year for £120m Cardiff Parkway Station and the linked Hendre Lakes business park project.

## NORTH WEST
## 1.1%

The North West is expected to lag the UK average over the 2023-2027 period with an average annual growth rate of 1.1%. Overall, industrial output is projected to rise by an annual average of 3.2%, while the commercial sector is projected to grow by 2.2%. Developers Peel L&P have requested permission to demolish 28,000 square metres of the former EventCity conference and exhibition space after plans were submitted to enable a £250m leisure resort. Within the industrial sector, MCR Property Group's £400m redevelopment project in Manchester on the site of the former Rochdale Road Gas Works has been granted planning approval but has not yet commenced construction.

## SCOTLAND
## 1.0%

Scotland is projected to grow modestly and see annual average output growth of 1.0%, which is below the UK rate. Growth is expected to be concentrated mainly in the industrial and commercial sectors as they are expected to grow by 2.6% and 2.2% respectively. A major project is underway on Fife College's new Dunfermline campus, located on a 58-acre purpose-built low carbon site in the eastern expansion area of Dunfermline and is due to open in time for the 2024/25 academic year. The build is part of the proposed Dunfermline Learning Campus – a venture to relocate Fife College's Dunfermline Campus, St Columba's RC High School and Woodmill High School to a purpose-built new campus, at a cost of £220m.

## NORTH EAST
## 0.9%

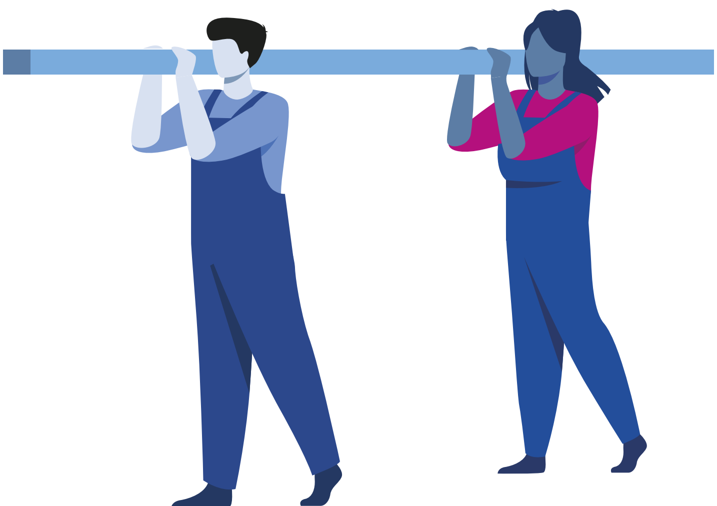
The North East is projected to record one of the lower growth rates, with an AAG of 0.9%. The industrial construction sector is expected to fare best (AAG of 3%), driven projects such as the construction of the £3.8bn Gigafactory in Blyth, Teesside Freeport and the £162m Northumberland Line from Newcastle to Ashington.

## WEST MIDLANDS
## 0.8%

For the West Midlands, the annual average growth rate is projected to be 0.8% over the five years to 2027, below the UK rate (1.5%). The region should benefit from investment in new-build and upgrading of the existing rail infrastructure as part of the £96bn Integrated Rail Plan (IRP) for the North and Midlands of England. Moreover, plans are underway for £450m regeneration of Coventry's city centre by the developer Housebuilder Hill Group. The project aims to deliver 1,300 new homes, 50 retail units and various commercial ventures.

## SOUTH WEST
## 0.6%

An average annual growth of 0.6% puts the South West at the bottom of the regional growth spectrum. As mentioned in the previous Outlook, the South West is projected to experience a large decline in infrastructure output over the five years to 2027 (-3.1%). This is predominantly due to slowing down of construction work on Hinkley Point C as it starts to generate electricity by mid-2027. The industrial sector is expected to fare best and grow by 2.4% over the forecast horizon, closely followed by private housing (AAG 2.1%). In the residential sector, Bristol City Council gave the green light to Goram Homes in March 2021 to proceed with plans to deliver 1,435 new homes over the next five years. Panattoni, the largest logistics real estate developer in Europe, is planning a £250m speculative logistics development in Avonmouth, Bristol.



# Workforce

- **ANNUAL RECRUITMENT REQUIREMENT (ARR), 44,980 PER YEAR, LOWER THAN LAST YEAR'S FIGURE (53,200)**
- **AVERAGE ANNUAL WORKFORCE GROWTH RATE OF 0.1%**
- **OCCUPATIONS WITH THE HIGHEST AVERAGE ANNUAL GROWTH RATES ARE: ARCHITECTS (1.9%); CIVIL ENGINEERS (1.2%) AND PLANT OPERATORS (1.1%)**

With a reduction in the output forecast, there is a corresponding reduction in the forecast for the workforce, although changes in levels tend to lag changes in output.

There was a slight dip in the total construction workforce from 2020 to 2021, that we expect to pick back up slightly in 2022 to give an estimated workforce of 2.66m.

The annual average output growth of 1.5% in the 2023-2027 Outlook is projected to give an average annual workforce growth rate of 0.1%, effectively no significant change to the total workforce. We are expecting the construction workforce to dip slightly in 2023 as output reduces with the recession, before picking back up to reach 2.67m by 2027.

Of the three occupations projected to see annual average growth of 1% or over in the five years to 2027, two are professionals (architects 1.9% and civil engineers 1.2%), and one is a skilled trade (plant operators 1.1%). In addition, if the occupations are combined into larger groupings, it becomes apparent that the pattern is for stronger employment growth in the professional occupations compared with the skilled trades and elementary roles. Construction professions are projected to see an annual average growth of 1.2% from 2023-2027, compared with -0.2% for the trades and elementary occupations. This is a pattern that we have seen over a number of years, with slightly higher demand for technical and professional occupations.

While the workforce remains static, there remains a need for construction to increase its recruitment of new workers. In a typical year, the UK's construction industry experiences workforce churn of about 8% and would recruit on average 190,000 workers. When looking at the future recruitment demand, we recognise that a level of churn will always take place and take this into account when producing the Annual Recruitment Requirement (ARR) figure. The ARR is additional to the expected movements in and out of the workforce.

Based on the forecast workforce growth and the workforce churn we expect to happen, the ARR for the 2023-27 period is estimated at 44,980, which is lower than the previous forecast of 53,200. This equates to the industry needing to increase recruitment by around 25% to get the 224,900 extra workers over the next five years that would be needed to meet projected demand, given current technological and regulatory standards.

In absolute terms, the highest ARRs for construction-specific occupations are for other construction professionals and technical staff (5,870), wood trades & interior fit-out (3,730), other construction process managers (4,100), electrical trades and installation (3,500), and labourers (2,710). However, these absolute numbers tend to be a function of the size of the occupational category in overall employment terms. As a proportion of base 2022 employment, most occupations have a requirement of between 0%-2.5% per year. Three occupations show a slightly higher requirement over the next five years, with the most in demand being civil engineers (2.7%), other construction professionals and technical staff (2.7%), and plant operatives (2.7%). The overall rate for the all-construction occupation ARR value compared to the 2022 workforce is 1.7%.

Estimated construction workforce in 2022

**2.66m**

# Total workforce by occupation — United Kingdom

| NON-MANUAL OCCUPATIONS | TOTAL EMPLOYMENT 2022 | TOTAL EMPLOYMENT 2027 | ARR |
|---|---|---|---|
| Non-construction professional, technical, IT, and other office-based staff | 408,200 | 413,500 | 9,320 |
| Other construction process managers | 198,300 | 202,600 | 3,730 |
| Senior, executive, and business process managers | 184,500 | 185,300 | 890 |
| Construction trades supervisors | 45,200 | 45,600 | 690 |
| Construction project managers | 51,700 | 52,800 | 530 |

| MANUAL OCCUPATIONS | TOTAL EMPLOYMENT 2022 | TOTAL EMPLOYMENT 2027 | ARR |
|---|---|---|---|
| Wood trades and interior fit-out | 242,100 | 232,300 | 5,280 |
| Electrical trades and installation | 186,300 | 183,700 | 3,500 |
| Labourers nec* | 118,600 | 118,800 | 2,710 |
| Plumbing and HVAC Trades | 159,900 | 154,800 | 1,250 |
| Plant operatives | 42,500 | 44,900 | 1,130 |
| Bricklayers | 72,200 | 71,600 | 1,080 |
| Plasterers | 51,000 | 48,900 | 720 |
| Painters and decorators | 93,700 | 89,500 | 690 |
| Roofers | 46,200 | 44,800 | 690 |
| Plant mechanics/fitters | 40,000 | 40,600 | 590 |
| Building envelope specialists | 91,800 | 94,700 | 530 |
| Steel erectors/structural fabrication | 23,800 | 24,000 | 390 |
| Scaffolders | 20,800 | 21,400 | 330 |
| Logistics | 25,000 | 25,100 | 300 |
| Specialist building operatives nec* | 56,500 | 52,200 | 280 |
| Civil engineering operatives nec* | 21,900 | 22,800 | 250 |
| Glaziers | 28,900 | 27,200 | 130 |
| Floorers | 25,100 | 24,000 | 70 |
| Non-construction operatives | 34,400 | 35,100 | — |

| PROFESSIONAL OCCUPATIONS | TOTAL EMPLOYMENT 2022 | TOTAL EMPLOYMENT 2027 | ARR |
|---|---|---|---|
| Other construction professionals and technical staff | 220,500 | 229,300 | 5,870 |
| Civil engineers | 59,100 | 62,700 | 1,590 |
| Surveyors | 74,900 | 78,600 | 1,500 |
| Architects | 39,000 | 42,900 | 940 |

# Recruitment

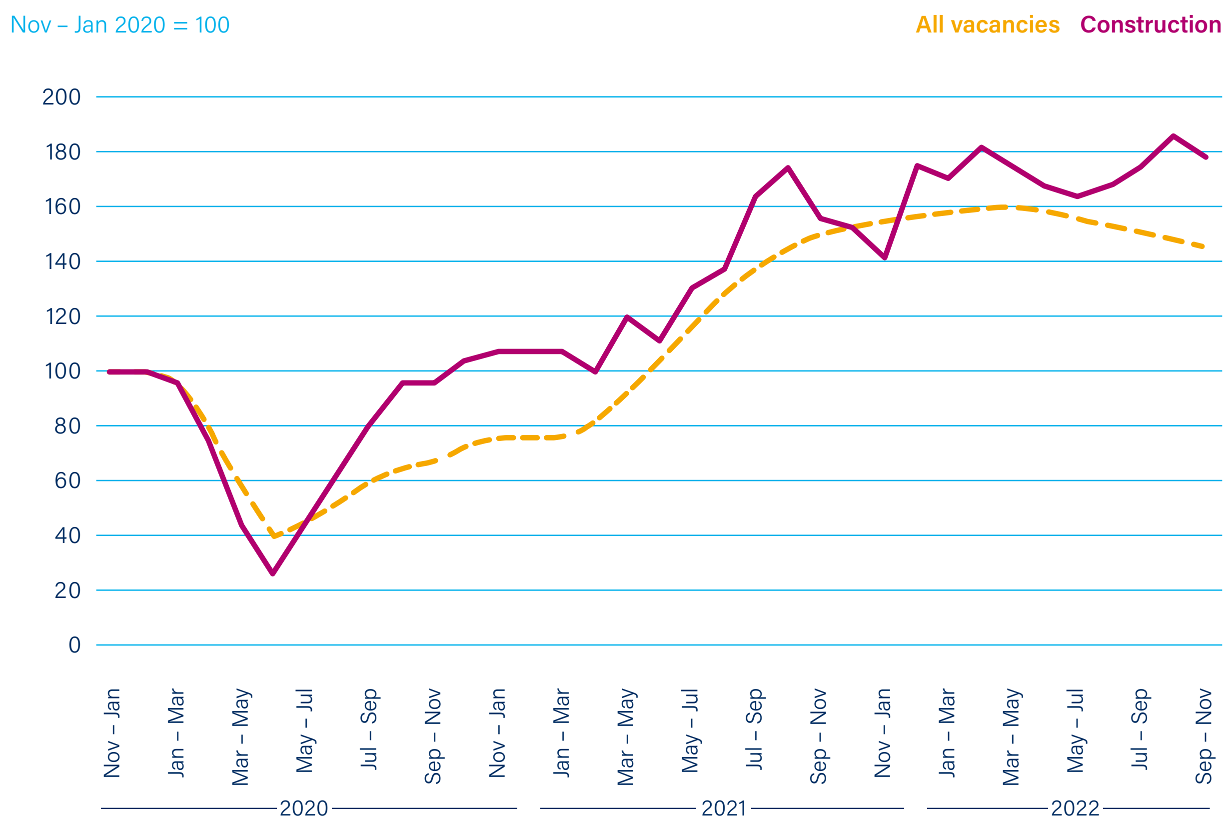
Competition from other sectors for workers is more intense and skills shortages persist, indicating that too few have been joining the construction industry.

This additional recruitment requirement has to be seen in the context of wider changes in the labour market, such as an increase in flexible working, changing EU migration policy, the ageing workforce, increasing levels of inactivity, and consequent labour shortages across most industrial sectors. Facing challenges in recruiting people isn't new to the construction industry.

The chart showing the Index of job vacancies illustrates that, while there has been an increase in demand for workers across all industries, particularly from the start of 2021, the demand for construction workers has remained at a higher level. Vacancies in the construction industry returned to pre-pandemic levels at least six months earlier than all vacancies and remained at a higher level for nearly all of 2021 and 2022. Construction vacancies at the end of 2022 are still nearly twice as high as pre-pandemic levels indicating that in 2023, the industry will still be trying to recruit workers in a highly competitive labour market.

## INDEX OF JOB VACANCIES – THREE MONTH AVERAGE ALL VACANCIES VS CONSTRUCTION, 2019 – 2022

Source: ONS Vacancy Survey, Vacancies by Industry December 2022



Responding to a skills shortage is likely to be a mix of these options, as the continued strength of the jobs market and relatively low levels of unemployment means competition for workers. Companies that can understand and meet what workers value the most are the ones most likely to be successful at attracting and retaining new staff. That could range from being able to offer long-term career opportunities with support to help development, through to good levels of pay, flexible working to have a positive work/life balance and creating a culture of fairness, inclusion, and respect.

A positive aspect for the industry has been apprenticeships, where there has been a significant increase in starts during the 2021/2022 academic year across all nations.

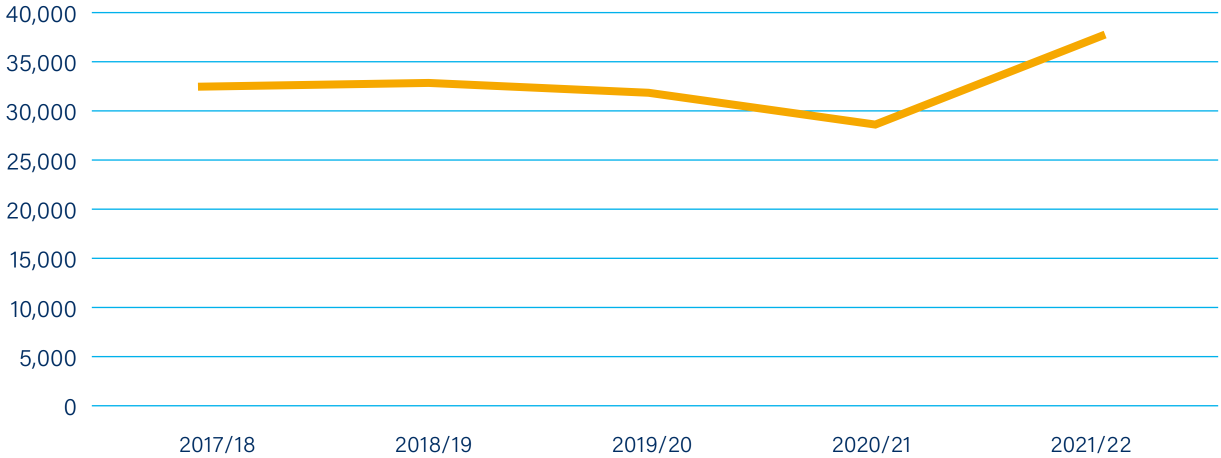
In the 2022-2026 Outlook we estimated that apprenticeship starts would return back to pre-pandemic levels, however, in 2021/2022 there has been over 37,000 starts on construction apprenticeships. This is more than a 30% increase on 2020/2021 numbers and 15% up on starts in 2018/2019. The increase in starts has been seen in all nations.

**To fill vacancies and recruit new staff, construction companies can look at several routes such as:**

- **Attracting skilled workers who are already working elsewhere** in the construction industry, although this obviously moves existing workers around rather than meet overall industry need
- **Attracting skilled workers who have left the industry** back into construction. This would be either those who have left to work in other industries or those that have become unemployed/inactive
- **Recruiting and training new entrants into construction** from those leaving school, further education, higher education or migration
- **Improving the retention of workers** within the industry
- Looking at **how productivity can be improved.**

## UK CONSTRUCTION APPRENTICESHIP STARTS, 2017 – 2022

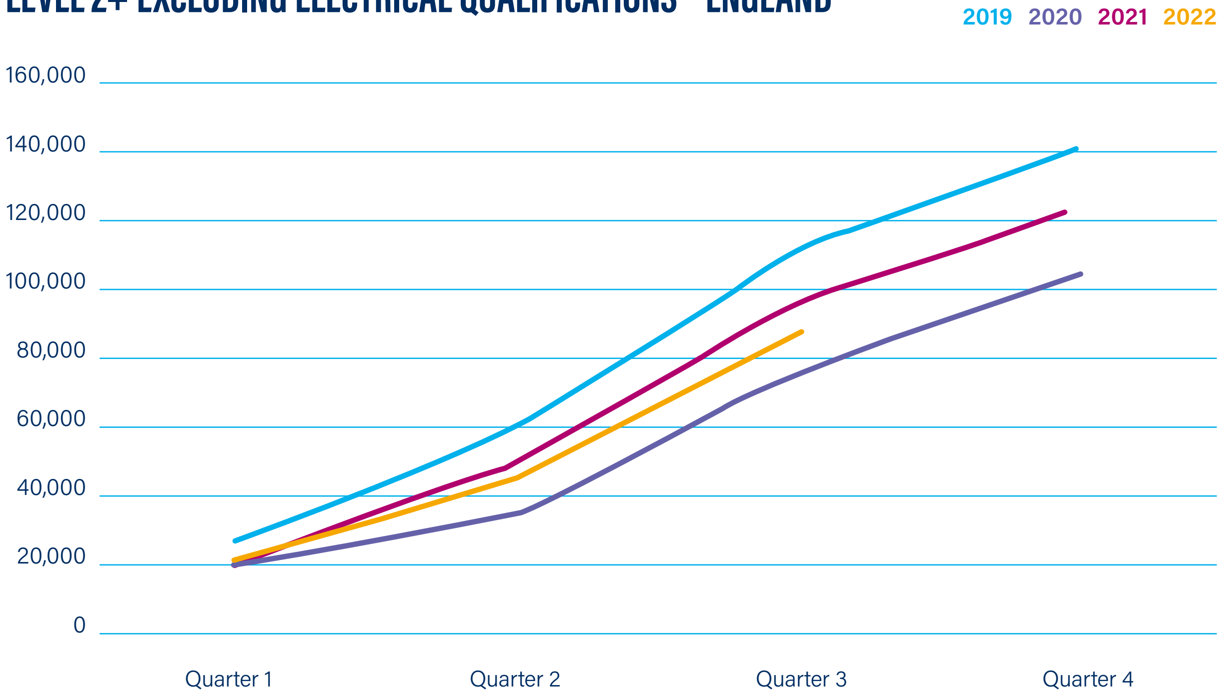
Sources: England, Department for Education; Northern Ireland, CITB-NI & Department for the Economy; Scotland, Skills Development Scotland; Wales, Welsh Government, StatsWales



While the trend for apprenticeship starts is positive, it isn't quite the same picture when looking at the wider range of construction training achievements. In 2021/2022 Northern Ireland construction training achievements were above the levels seen in previous years, while in Wales there was an increase compared to the previous year, although only back to 2018/2019 levels. Like Wales, England saw an increase in 2022 when compared to 2020, however, volumes are lower than was achieved in 2021 and 2019.

## CONSTRUCTION SECTOR QUALIFICATION CERTIFICATES ISSUED LEVEL 2+ EXCLUDING ELECTRICAL QUALIFICATIONS – ENGLAND

Source: Ofqual



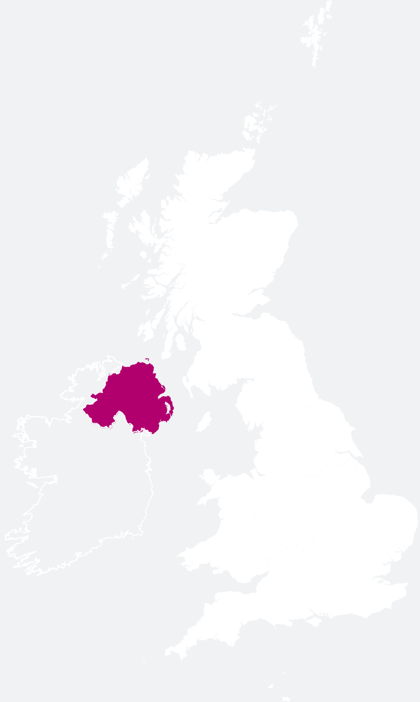

This points to a slightly different position between apprenticeships and other training, indicating that the construction industry has work to do to get overall training numbers back to pre-Covid levels and then increased to meet future demand.

CITB is looking at a range of actions that will help to support construction companies to invest in training by helping to protect apprenticeships, using targeted funding for skills priorities, helping businesses to identify training needs and ensuring that standards are in place for the required training. These are set out in more detail in CITB's Business Plan.

2023
2027

Over the forecast period, all nations and regions are showing average annual output growth that's close to the UK figure of 1.5% including 1.8% in the South East, 1.9% in Greater London and 2.2% in Yorkshire & the Humber.

# Northern Ireland



## An extra 4,450 workers are needed in Northern Ireland by 2027.

### GROWTH RATE

Over the forecast we expect the volume of construction work to grow by an average annual rate of 1.4% in Northern Ireland, which is marginally below the UK forecast of 1.5%. This is a downward revision when compared to the previous 2022-2026 outlook as 2023 and 2024 are likely to be challenging years for the construction industry, especially for private housing and housing R&M work.

In Northern Ireland the long-term growth rates are slightly better for new work than R&M, with private housing, infrastructure and commercial work all forecast to have the highest growth rates.

### JOB CREATION

The level of output growth in Northern Ireland gives an average annual increase of 0.1% in the construction workforce, which is the same as the UK figure. An average annual increase of 0.1% is clearly a marginal change and basically means that Northern Ireland's construction workforce will remain static over the next five years. This is reflected in the 2022 workforce of 61,900 increasing to 62,000 by the end of 2027.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

In Northern Ireland, the average ARR will be 1.4% per year, based on 2022 workforce levels, slightly lower than the UK figure of 1.5%. This means the construction industry would have to increase current recruitment by 890 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

The Belfast Region City Deal is a £700m co-investment from UK government, local government, universities and the private sector, designed to deliver a ten year programme of sustainable, inclusive growth, which will have opportunities for the construction industry.

Work on the Belfast Transport Hub is now underway and is projected to be completed by 2025. The aim will be to enhance local and international connectivity via bus, coach, and rail links across Northern Ireland and beyond.

Tribeca Belfast comprises of 12 acres of Belfast city centre and is a world leading £500m urban regeneration scheme. The aim is to transform the city centre through comprehensive regeneration and put Belfast at the forefront of European cities.

The full detailed CSN report for Northern Ireland can be found here:

**CSN / LMI Report**
**Northern Ireland**

# NORTHERN IRELAND

2023
2027

Key facts and figures

Annual average growth rate

# 1.4%

Extra workers needed in Northern Ireland by 2027

# 4,450

Annual recruitment requirement in Northern Ireland

# 890

Belfast Region City Deal: Main growth driver

# £700m

# Scotland

## An extra 19,550 workers are needed in Scotland by 2027.

### GROWTH RATE

The volume of work will grow by an average annual rate of 1.0% for Scotland, which is slightly below the UK rate of 1.5% and a downward revision when compared to the previous 2022-2026 outlook. Long term growth rates are expected to be similar for new work and R&M, and although most sectors are expected to show some growth, it will be modest over the forecast.

In general, 2023 and 2024 are likely to be challenging years for the construction industry, and especially for private housing and housing R&M work. From 2024, the industry returns closer to the longer-term growth trends that have been seen we move out of the expected recession. Although the industrial sector has the highest average annual growth rate (2.6%), the higher volumes of work in the infrastructure, private housing and R&M sectors means that they will contribute more towards in the gains in output.

### JOB CREATION

The low level of output growth in Scotland means that the construction workforce isn't expected to change that much over the next five years, with a very marginal average decline of -0.1%. We estimate that Scotland's construction workforce will increase slightly in 2022 to 231,400 before dropping to 230,700 in 2023 and remaining around this level through to 2027. This very slight variance is best viewed as the workforce levels staying static over the forecast.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

In Scotland, the average ARR will be 1.7% per year, based on 2022 workforce levels, which is the same as the UK figure. This means the construction industry would have to increase current recruitment by 3,950 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Infrastructure activity continues to provide a steady stream of work for Scotland for both new work, along with repair & maintenance activity. There is a range of projects such as the new River Clyde Bridge, improvements to the A83 at Rest & Be Thankful, dual carriageway improvements to the A9, offshore wind developments such as Moray West, Scottish Water's £5bn capital investment plans, £200m towards Scottish Gas Networks mains replacement and the £25m project to develop a hydrogen demonstration network in Fife.

The full detailed CSN report for Scotland can be found here:

**CSN / LMI Report**
**Scotland**

# SCOTLAND

2023
2027

Key facts and figures

Annual average growth rate

**1.0%**

Extra workers needed in Scotland by 2027

**19,550**

Annual recruitment requirement in Scotland

**3,910**

Scottish Water's capital investment plans: Main growth driver

**£5bn**

# Wales

## An extra 9,100 workers are needed in Wales by 2027.

### GROWTH RATE

In Wales, the volume of work will grow by an average annual rate of 1.1%, which is slightly below the UK rate of 1.5% and a downward revision compared to the 2022-2026 forecast.

Long term growth rates are expected to be better for new work than R&M, and although most sectors are expected to show some growth, it will be very modest over the forecast. In general, 2023 and 2024 are likely to be challenging years for construction, especially for private housing and housing R&M work.

From 2024, the industry returns closer to the longer-term growth trends that have been seen as we move out of the expected recession.

### JOB CREATION

The low level of output growth in Wales means that the construction workforce isn't expected to change much over the next five years, which is similar to the pattern we're seeing in other nations and regions of the UK.

The construction workforce of 111,600 in place at the end of 2022 is forecast to dip slightly to 111,000 in 2023 before picking back up to 111,500 by 2027.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

In Wales, the average ARR will be 1.6% per year, based on 2022 workforce levels, very similar to the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 1,820 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Private housing, along with R&M work will be the main drivers of growth in Wales. The £1bn Shaping Swansea regeneration project and spending plans in the Welsh Government budget for £580m on decarbonisation of social housing up to 2024/25, support work in these sectors.

The full detailed CSN report for Wales can be found here:

**CSN / LMI Report**
**Wales**

# WALES

2023
2027

Key facts and figures

Annual average growth rate

1.1%

Extra workers needed in Wales by 2027

9,100

Annual recruitment requirement in Wales

1,820

Shaping Swansea regeneration project

£1bn

# East Midlands

## An extra 17,500 workers are needed in the East Midlands by 2027.

### GROWTH RATE

In East Midlands, the volume of work will grow by an AAGR of 1.6%, which is slightly ahead of the UK at 1.5%. All sectors, other than housing R&M, will see growth over the forecast. New work will see stronger growth than R&M, and most follow a pattern of higher growth in the latter years, as 2023 and 2024 are affected by the cost-of-living crisis.

The industrial sector has the highest average annual growth rate of 3.8% although this sector makes us a relatively low share of total output at 9%. It is the private housing sector forecast to show the largest gains in work.

### JOB CREATION

We expect to see no average annual increase in the construction workforce across the forecast with numbers remaining stable, this doesn't differ too much from the UK who will see a 0.1% increase in workforce growth.

We are anticipating seeing slight dips in skilled trade occupations such as plumbing and HVAC trades across the forecast whereas there may be a slight increase in demand for some of the technical and professional occupations.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

In East Midlands, the average ARR will be 2.1% per year, based on 2022 workforce levels, which is above the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 3,500 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Network Rail's Midland Main Line **£1.5bn** railway upgrade and the Viking Link project looking to provide 1400MV high voltage direct current electricity between British and Danish transport systems will support the infrastructure sector.

The industrial sector should benefit from logistics and warehouse projects in the pipeline, while brick producer Forterra is moving ahead with its £95m project to double production capacity at its Desford plant in Leicestershire.

Other projects taking place in the East Midlands includes the £200m Aston Martin project looking to provide a new HQ to their Formula One team as well as a new prison opening in Leicestershire in 2023.

The full detailed CSN report for the East Midlands can be found here:

**CSN / LMI Report**
**East Midlands**

# EAST MIDLANDS

2023
2027

Key facts and figures

Annual average growth rate

1.6%

Extra workers needed in the East Midlands by 2027

17,500

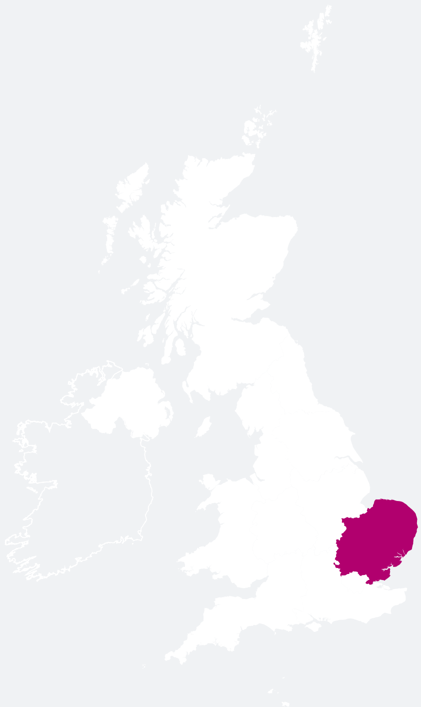
East Midlands's annual recruitment requirement

3,500

Midland Main Line Railway project

£1.5bn

# East of England



## An extra 19,050 workers are needed in the East of England by 2027.

### GROWTH RATE

In the East of England, the volume of work will grow by an AAGR of 2.2%, which is higher than the UK rate of 1.5%. All sectors will see growth over the forecast, with the infrastructure sector seeing particularly strong growth at 13.1%. Overall, the region is going to see stronger growth in the new work sector compared to the R&M sector during 2023-27.

The growth in infrastructure will contribute £1,100m to the sectors output, and by the end of 2027 it will have almost doubled its total value in the region.

### JOB CREATION

The level of output growth in the East of England gives an average annual increase of 0.3% in the construction workforce, just ahead of the UK-wide figure of 0.1%. The construction workforce of 260,400 in 2022 is expected to grow to 264,600 by 2027 with a particular increase in engineering type roles such as civil engineering operatives and civil engineers.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The East of England's average ARR will be 1.5% per year, based on 2022 workforce levels, which is slightly below the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 3,810 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

The strong infrastructure forecast is due to the East Anglia Two and East Anglia One North wind farms, which are due to start construction in 2023 and the new nuclear power station at Sizewell C. The Lower Thames Crossing will also provide infrastructure work to the sector, with the £8.2bn project looking to create a road link between Kent and Essex.

The private housing sector will benefit from projects such as the Stevenage regeneration project which looks to provide 1,800 flats and commercial units; Lovells £700m homes deal with Suffolk Council; and the Brightwell Lakes development providing 2,000 homes.

Public non-residential output should benefit from the West Suffolk NHS Foundation Trust which have submitted plans to build a major new hospital in Bury St Edmunds. There is also the new Avanti Grange Secondary School.

The full detailed CSN report for the East of England can be found here:

**CSN / LMI Report**
**East of England**

# EAST OF ENGLAND

2023
2027

Key facts and figures

Annual average growth rate

**2.2%**

Extra workers needed in the East of England by 2027

**19,050**

East of England's annual recruitment requirement

**3,810**

Sizewell C project looking to construct a new nuclear power station

**£18-20bn**

# Greater London

## An extra 22,800 workers are needed in Greater London by 2027.

### GROWTH RATE

In Greater London, the volume of work will grow by an AAGR of 1.9%, which is higher than the UK rate of 1.5%. All sectors will see growth over the forecast, with new work being slightly stronger than R&M, and most follow a pattern of higher growth in the latter years, due to the cost-of-living crisis taking hold in the earlier years.

While the commercial sector has the highest average annual growth rate at 2.7%, it is the private housing sector that has the highest share of total output (26%) and therefore contributes the biggest gains in output at £1,347m.

### JOB CREATION

The level of output growth in Greater London gives an average annual increase of 0.1% in the construction workforce, which is the same as the UK rate. In 2023 we are anticipating seeing a slight decrease in workforce numbers to 409,100 but by 2027 workforce numbers should increase to 414,100 which is an increase when compared to 2021 and 2022 workforce levels.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The average annual recruitment requirement in Greater London of 1.1%, based on 2022 workforce levels, is less than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 4,560 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

In Greater London there are a number of very large scale/long term developments such as Thamesmead (£8bn), Brent Cross Town (£8bn) and Meridian Water Regeneration (£6bn), that will deliver output for a number of sectors.

The 2021-26 Affordable Homes Programme (AHP) plans to build 180,000 new homes, with £7.47bn to be distributed via Homes England.

The Government has also pledged £233m to infrastructure funding as part of a wider £3.5bn regeneration of Silvertown in East London which will include a new pedestrian and cycle bridge across Royal Victoria Dock, the restoration of Millennium Mills and dock wall repairs.

The full detailed CSN report for Greater London can be found here:

**CSN / LMI Report**
**Greater London**

# GREATER LONDON

2023
2027

Key facts and figures

Annual average growth rate

↑ 1.9%

Extra workers needed in Greater London by 2027

+ 22,800

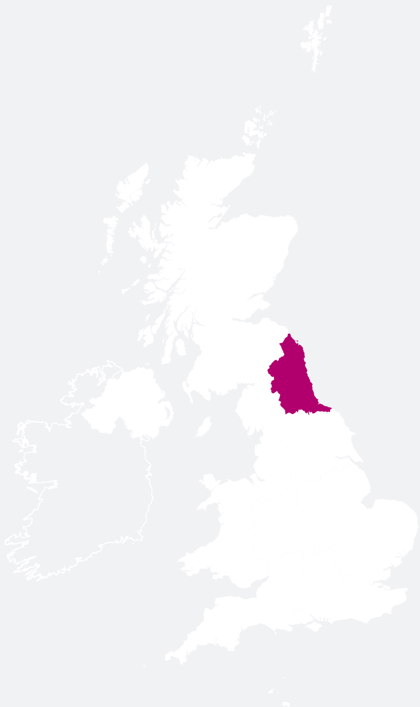
Greater London's annual recruitment requirement

+ 4,560

Thamesmead redevelopment and Brent Cross Town redevelopment

+ £8bn

# North East



## An extra 7,900 workers are needed in the North East by 2027.

### GROWTH RATE

In the North East, the volume of work will grow by an annual average rate of 0.9%, which is below the UK rate of 1.5%. Most sectors will see some level of growth over the forecast, with new work being similar to R&M, and most following a pattern of growth in the latter years as the economy picks up from the recession in 2023.

The industrial sector has the highest annual average growth rate at 3.0%, although it has a relatively low share of total output at 6%. The gains in output are set to come from the non-housing R&M, commercial, and private housing sectors, however over five years, these are modest gains when compared to previous periods.

### JOB CREATION

The level of output growth in the North East gives a very marginal annual average decrease of -0.2% in the construction workforce over the forecast, whereas the UK has an increase of 0.1%. In 2022 the region's workforce is estimated to be 95,800, which dips to 95,300 in 2023 as the recession takes effect. With a relatively low level of output growth, the North East's construction workforce in 2027 will be 94,800, so only a very minor change and essentially a static level of nearly 95,000 workers over the forecast.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The annual recruitment requirement in North East is set to average 1.6% per year, based on 2023 workforce levels, which is marginally less than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 1,580 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Construction of a £2.6bn Gigafactory in Blyth, producing electric vehicle batteries, has had financing issues and been delayed, although it would still be among first Gigafactories and Britishvolt are determined to see it completed. GRI Renewables is investing a total of £78m at the Able Marine Energy Park, and at the Teesworks Offshore Manufacturing Centre. Work started in late September 2021 and will lead the development of a major offshore wind hub. It is part of the wider £200m Teesworks Freeport project, which has received the first loan, of £107m, from the UK Investment Bank. Other investments at Teesport are the £250 Tees Valley Lithium refinery and £600m Green Lithium refinery at Teesport.

For private housing, long term plans such as the new garden villages proposed for Burtree (2,000 homes) and Skerningham (4,500 homes) will be a boost for the region.

The full detailed CSN report for the North East can be found here:

**CSN / LMI Report North East**

# NORTH EAST

2023
2027

Key facts and figures

Annual average growth rate

↑ 0.9%

Extra workers needed in the North East by 2027

+ 7,900

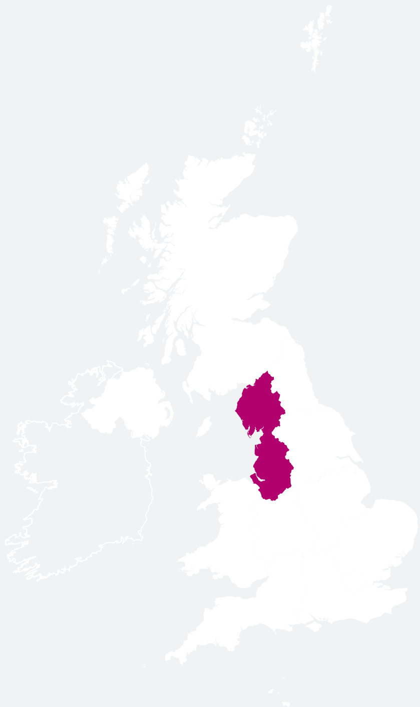
North East's annual recruitment requirement

+ 1,580

Electric car battery Gigafactory in Blyth

+ £2.6bn

# North West



## An extra 25,400 workers are needed in the North West by 2027.

### GROWTH RATE

In the North West, the volume of work is forecast to grow by an annual average rate of 1.1%, which is just below the UK rate of 1.5%. Most sectors will see growth over the forecast, although with an average rate of 1.1% it is likely to be modest gains.

Growth in the new work sectors is expected to be slightly stronger than R&M, and most follow a pattern of declines in 2023 which then grow from 2024. The industrial sector has the highest annual average growth rate at 3.2%, although it has a relatively low share of total output at 4%. The biggest gains in output are set to come from the non-housing R&M, private housing and commercial sectors.

### JOB CREATION

The level of output growth in the North West means the construction workforce is not expected to show growth between 2022 and 2027. We estimate a workforce of 272,000 in 2022, and with a dip in output expected for 2023, we are forecasting that it will reduce slightly to 271,000 before picking back up to reach nearly 272,000 by the end of 2027.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The ARR in the North West is set to average 1.9% per year, based on 2022 workforce levels, which is just higher than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 5,080 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

MCR Property Group's £400m re-development project on the site of the former Rochdale Road Gas Works, has been granted planning approval but has not yet commenced construction. The 1,200-home development scheme will be built in four phases, with the tallest residential tower to be completed by the end of 2030. The first homes at the site are expected to be completed in 2023.

There is also the £740m Trinity Island development in Manchester, which would be the tallest residential scheme in North West England, providing 1,950 flats, and the £330m Our Town Hall project, which is the restoration and modernisation of Manchester's Grade 1 listed Town Hall to bring it up to modern standards.

The infrastructure sector could be posted with the proposed Mersey Tidal Project and the Wyre Tidal Gateway, which would generate renewable energy, along with the Cumbria Clean Energy Strategy.

The full detailed CSN report for the North West can be found here:

**CSN / LMI Report**
**North West**

# NORTH WEST

2023
2027

Key facts and figures

Annual average growth rate

**1.1%**

Extra workers needed in the North West by 2027

**25,400**

North West's annual recruitment requirement

**5,080**

Trinity Island development

**£740m**

# South East

## An extra 17,800 workers are needed in the South East by 2027.

### GROWTH RATE

In the South East, the volume of work will grow by an average annual rate of 1.8%, which is above the UK rate of 1.5%. All sectors, other than the infrastructure sector will see growth over the forecast, with new work stronger than R&M. Most sectors follow a pattern of higher growth in the latter years, with the exceptions to this rule being the infrastructure and industrial sectors.

While the industrial sector has the highest average annual growth rate at 4%, it has a relatively low share of total output. The biggest gains in output are set to come from the private housing, non-housing R&M, and commercial sectors.

### JOB CREATION

The level of output growth in the South East gives an average annual increase of 0.1% in the construction workforce, which is the same as the UK figure. The region's construction workforce of 380,600 in 2022 is expected to increase to 382,700 by 2027 with a particular increase in architects over the period at a 3.1% increase in workforce numbers.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The ARR in the South East is set to average 0.9% per year, based on 2022 workforce levels, which is lower than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 3,560 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

A major project for the South East is the Lower Thames Crossing, it is also a major project in the UK's road network and aims to relieve pressure on the existing A282 Dartford Crossing.

The East-West project is also big for the region and aims to construct a line linking Oxford and Cambridge via Bicester, Milton Keynes (at Bletchley) and Bedford using the trackbed from the varsity line. Another notable project includes the Manston Airport project looking to offer passenger, executive travel and aircraft engineering services.

There are also large housing projects in the region including the 3,500 Burgess Hill development named Brookleigh which will be surrounded by 80 hectares of green space, the Hoo Peninsula is another big housing development looking to provide 10,000 homes and spanning 17 years.

The full detailed CSN report for the South East can be found here:

**CSN / LMI Report**
**South East**

# SOUTH EAST

2023
2027

Key facts and figures

Annual average growth rate

1.8%

Extra workers needed in the South East by 2027

17,800

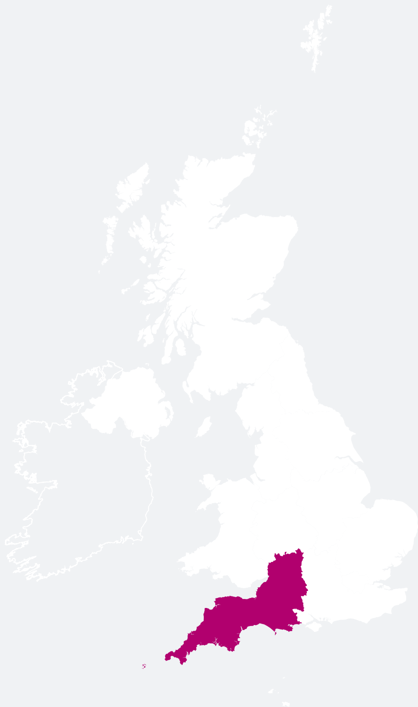
South East's annual recruitment requirement

3,560

Lower Thames Crossing project

£8.2bn

# South West



## An extra 38,200 workers are needed in the South West by 2027.

### GROWTH RATE

In the South West, the volume of work will grow by an average annual rate of 0.6%, which is lower than the UK rate of 1.5%. Nearly all sectors will see growth over the forecast, with R&M slightly weaker than new work, and most following a pattern of higher growth in the latter years. The only sector that is expected to see a decrease in construction output over the period is infrastructure.

While the industrial sector has the highest average annual growth rate at 2.4%, it has a relatively low share of total output. The biggest gains in output are set to come from the private housing sector which is forecast to increase value by £338m.

### JOB CREATION

The level of output growth in the South West gives an average annual decrease of 0.1% in the construction workforce, which differs slightly to the UK picture where we see a 0.1% increase. The region's construction workforce increased slightly to 237,700 in 2022, however, we expect the workforce to drop to 236,400 in 2023 and then remain static until 2027.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The ARR in the South West is set to average 3.2% per year, based on 2022 workforce levels, which is higher than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 7,640 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

For the South West the Hinkley Point C nuclear new build continues to be the main new work project in region and within the next 18 months the onsite workforce is set to increase to 8,500 workers, although the forecast start date for unit 1 generation has been pushed back slightly to June 2027.

Another sizeable project for the South West is the Goram Homes project which was given the green light by Bristol City Council in March 2021. It plans to deliver 1,435 new homes over the next 5 years.

Panattoni, the largest logistics real estate developer in Europe, is planning a logistics development worth £250m and will include the UK's largest ever speculative logistics building in Avonmouth, Bristol.

The full detailed CSN report for the South West can be found here:

**CSN / LMI Report**
**South West**

# SOUTH WEST

2023
2027

Key facts and figures

Annual average growth rate

0.6%

Extra workers needed in the South West by 2027

38,200

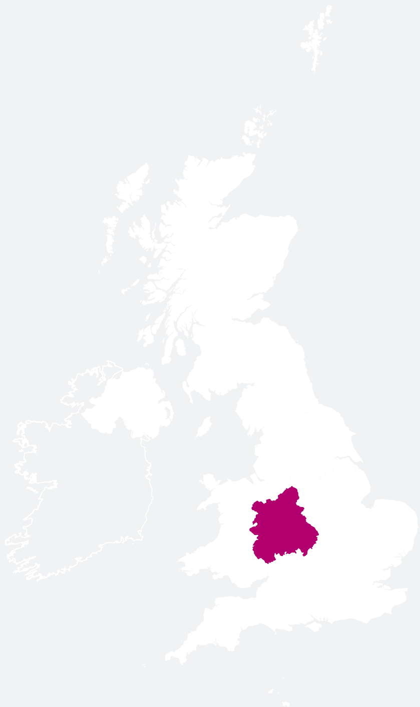
South West's annual recruitment requirement

7,640

Hinkley Point C nuclear new build

£25bn

# West Midlands



## An extra 25,350 workers are needed in the West Midlands by 2027.

### GROWTH RATE

In the West Midlands, the volume of work will grow by an average annual rate of 0.8%, which is just below the UK rate of 1.5%. Not all sectors will see growth over the forecast, with the infrastructure and housing R&M sectors seeing an average annual decrease in construction output. Both new work and R&M work will see an average annual growth rate of 0.8% over the forecast.

The private housing sector has both the highest average annual growth rate for the West Midlands at 2.6% and the highest gains in output at £426m, with private housing also making up 21% of the structure for the West Midlands. Other gains are set to come from the non-housing R&M sector and the commercial sector.

### JOB CREATION

The level of output growth in the West Midlands gives an average annual decrease of 0.1% in the construction workforce, which is slightly different to the UK forecast of a 0.1% increase. The region's construction workforce is set to increase in 2022 to 224,900, however, we're expecting to see it drop to 223,700 in 2023 and remain static until 2027.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The ARR in the West Midlands is set to average 2.3% per year, based on 2022 workforce levels, which is higher than the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 5,070 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Recently announced £4bn partnership agreement between West Midlands Combined Authority WMCA and Legal & General is a seven-year investment commitment includes support for the provision of all housing tenures, including social and modular; commercial property and urban regeneration across multiple sites.

Plans are underway for a £450m regeneration of Coventry's city centre by the developer Housebuilder Hill Group. 1,300 new homes, 50 retail units and various commercial ventures will be built as part of the project.

The region's infrastructure sector will also benefit from a number of projects that are part of the £96bn investment in the Integrated Rail Plan (IRP) that will go towards new build and upgrading existing rail infrastructure in the Midlands and North of England. The IRP includes a high-speed line from the West Midlands to the East Midlands, and electrification and upgrading of the midland main line between London St Pancreas, the East Midlands and Sheffield.

The full detailed CSN report for the West Midlands can be found here:

**CSN / LMI Report**
**West Midlands**

# WEST MIDLANDS

2023
2027

Key facts and figures

Annual average growth rate

**0.8%**

Extra workers needed in the West Midlands by 2027

**25,350**

West Midlands's annual recruitment requirement

**5,070**

Urban regeneration partnership between WMCA and L&G

**£4bn**

# Yorkshire & the Humber

## An extra 17,800 workers are needed in Yorkshire & the Humber by 2027.

### GROWTH RATE

The region has an average annual output growth rate of 2.2%, which is above the UK rate of 1.5% and one of the highest regional rates. Over the forecast we're expecting new work to be stronger than R&M and follow a pattern of lower growth in 2023 that picks up from 2024.

Yorkshire & the Humber is slightly different to other regions in that we're expecting to see slight growth in 2023, rather than a decline, with growth in the infrastructure sector, at an average rate of 5.4%, the main reason for the better performance.

### JOB CREATION

The level of output growth in Yorkshire & the Humber gives an annual average increase of 0.3% in the construction workforce, which is higher than the UK figure of 0.1%. In 2022 we expect the workforce to increase slightly to 206,900 then dip back to 206,300 in 2023 before increasing to reach 210,300 by 2027. This is a marginal change over five years and essentially a stable demand requirement.

### ANNUAL RECRUITMENT REQUIREMENT (ARR)

The annual recruitment requirement in Yorkshire & the Humber is set to average 1.7% per year, based on 2022 workforce levels, which is the same as the UK figure. This means the construction industry would have to increase current recruitment by 3,560 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

### MAIN GROWTH DRIVERS AND CONTRACTS

Construction is underway for the £2bn Dogger Bank A and work should start on the 1.2GW Dogger Bank B and C projects from 2023. Transport infrastructure also contributes to growth with the Integrated Rail Plan supporting the development of the planned £4.2bn West Yorkshire mass transit system with an immediate fund of £200m, and the region benefiting from the £1.2bn Transforming Cities Fund.

Housing development plans such as those for Leeds City Village, Doncaster and Castleford, along with the Lincolnshire Lakes Garden town will help to support growth in the private housing sector.

Leeds Teaching Hospitals NHS Trust plans for expansion at the Leeds General Infirmary have been given planning permission. The project involves the construction of two new buildings on the site of the Old Nurses' home, at the cost of £650m. Building work has also begun on the new "mega prison" to house nearly 1,500 inmates at Full Sutton, in East Yorkshire. It will be the UK's first all-electric jail, powered by solar panels and heat pump technology with construction creating 600 jobs.

The full detailed CSN report for Yorkshire & the Humber can be found here:

**CSN / LMI Report**
**Yorkshire & the Humber**

# YORKSHIRE & THE HUMBER

2023
2027

## Key facts and figures

Annual average growth rate

2.2%

Extra workers needed in Yorkshire & the Humber by 2027

17,800

Yorkshire & the Humber's annual recruitment requirement

3,560

Power generation capacity from Hornsea Two, Dogger Bank A and B wind farms

3.7GW

# For more information about the Construction Skills Network, contact:

**Ian Hill**
Insight Manager
Ian.Hill@citb.co.uk

**Amelia Pipe**
Analyst
Amelia.Pipe@citb.co.uk