

ConstructionSkills Network 2010-2014 South West

LABOUR MARKET INTELLIGENCE



Contents

1 Summary and key findings

2 The outlook for construction in the South West

3 Construction employment forecasts for the South West

4 Comparisons across the UK



Contents

Labour Market Intelligence



	Page
1 Summary and key findings	02
2 The outlook for construction in the South West	04
3 Construction employment forecasts for the South West	10
4 Comparisons across the UK	12

Charts & Tables

1 Regional Comparison 2010–2014	02
2 Annual average construction output growth 2010–2014	03
3 Construction output 1992–2008	04
4 Construction industry structure 2008	04
5 Economic structure	05
6 Economic indicators	05
7 New construction orders growth 1993–2008	06
8 New work construction orders	06
9 Construction output 2010–2011	07
10 Annual average construction output growth 2010–2011	08
11 Annual average construction output growth 2010–2014	09
12 Construction output 2010–2014	09
13 Total employment by occupation	10
14 Annual recruitment requirement by occupation	11
15 Annual average output growth by region	12
16 Annual recruitment requirement by region	13

For more information about ConstructionSkills, please visit our [website](#).

ConstructionSkills is the Sector Skills Council for construction, tasked by Government to ensure the UK's largest industry has the skilled workforce it requires. Working with Government, training providers and employers, it is responsible for ensuring that the industry has enough qualified new entrants and that the existing workforce is fully skilled and qualified, as well as for improving the performance of the industry and the companies within it.



Summary - South West

At 0.4%, the South West is expected to have one of the lowest annual average rates of growth in the UK between 2010 and 2014. The repair and maintenance (R&M) market is likely to be responsible for the weak prognosis due to its negative projected outturn of 1.8% per year, in contrast to the new work market which is forecast to grow by 2.3%. Total construction employment in the region is likely to reach 207,360 in 2014, less than 1% above the 2010 level.



Regional comparison 2010-2014

	Annual average % change in output	Growth in total employment	Total Annual Recruitment Requirement
North East	0.6%	4,660	3,190
Yorkshire and Humber	1.6%	7,040	2,220
East Midlands	2.6%	10,220	5,260
East of England	3.8%	20,760	7,350
Greater London	2.0%	3,620	3,300
South East	0.8%	-280	2,330
South West	0.4%	1,480	3,020
Wales	2.5%	10,390	5,030
West Midlands	1.5%	9,460	4,050
Northern Ireland	1.1%	1,380	720
North West	0.1%	3,190	4,100
Scotland	2.8%	21,100	7,220
UK	1.7%	93,010	47,790

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

At 0.4%,

the South West is expected to have one of the lowest annual average rates of growth in the UK between 2010 and 2014

Key findings

The public non-housing and commercial sectors are expected to be the only ones in new work projected to see annual average declines between 2010 and 2014, of 5.9% and 0.6%, respectively. Public non-housing construction output has grown very strongly in the region in 2008 and 2009, despite the lack of Building Schools for the Future (BSF) projects. However, falling government expenditure going forward is likely to mean that output has peaked in the sector in 2009 and that activity will decline during the 2010 to 2014 forecast period.

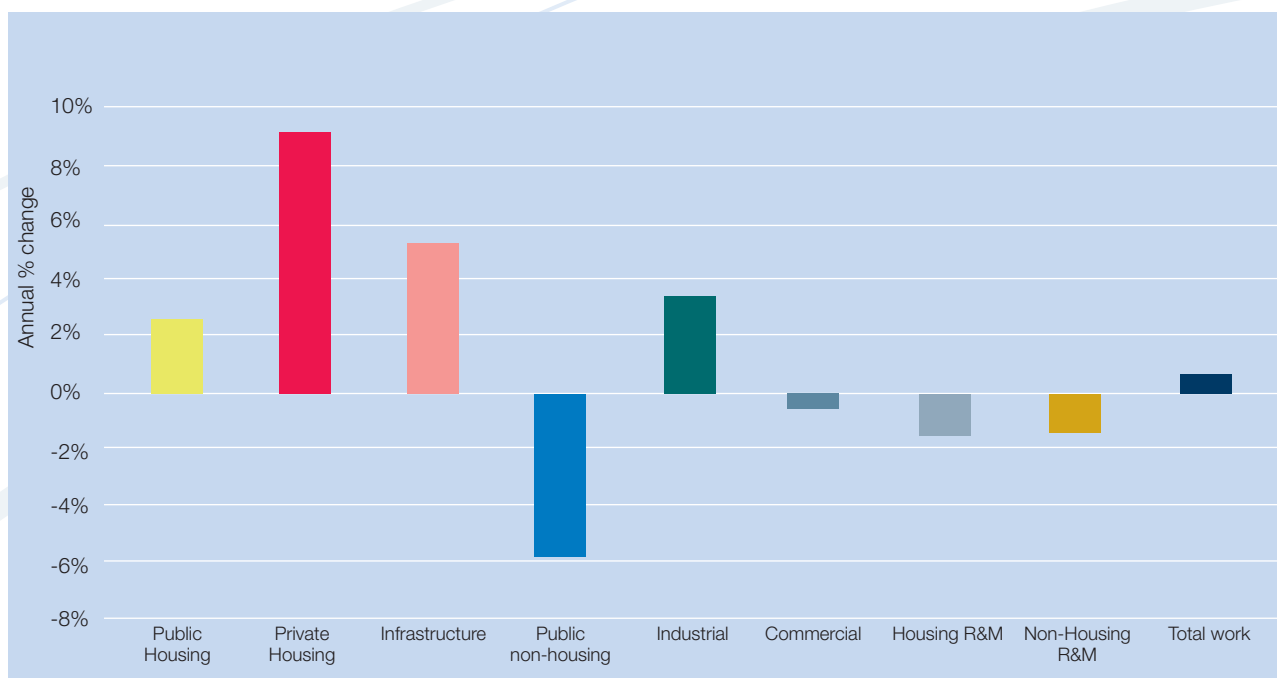
Meanwhile, the poor performance of the commercial sector is projected to be as a result of declines in the initial two years of the forecast period when demand for retail, office and entertainment floorspace is expected to be extremely limited. However, from 2012 onwards, output in the sector should grow at an increasing rate as projects such as the £475m PFI redevelopment of Southmead Hospital for North Bristol NHS Trust and the £350m redevelopment of Kings shopping centre in Gloucester begin to come online.

In contrast, the private housing sector should have the highest rate of growth on an annual average basis in the South West between 2010 and 2014. At 9.1%, the sector should benefit from funding through the Kickstart programme getting projects moving again, while an easing in mortgage lending and stabilisation in house prices should further boost demand. The recovery of the private market should help in the delivery of social housing units through section 106 agreements, while Homes and Communities Agency (HCA) funding of over £130m to provide 2,736 affordable homes should further improve matters for the public housing sector. The average rate of growth for this sector is predicted to be 2.5% per year between 2010 and 2014.

The performance of the infrastructure sector should be relatively buoyant when compared to other new work sectors in the South West. With an annual average rate of growth of 5.1%, output should see increases in each of the years between 2010 and 2014. The £87m Weymouth Relief Road should help provide a stream of output in the short to medium term, while the construction of the Hinckley Point nuclear power station should also be a contributory factor behind the growth in the latter part of the forecast period. However, the omens for the Severn Barrage scheme are not good with reports suggesting that the government may indefinitely postpone the project as part of its cost cutting drive.

In 2014, total construction employment in the South West is expected to reach 207,360, up slightly on the 2010 projected figure of 205,880. In 2008, the biggest occupational group was wood trades and interior fit-out (27,090), accounting for around 12% of total construction employment in the region, slightly above the UK average. Between 2010 and 2014, scaffolders (42%), labourers nec* (41%) and civil engineering operatives nec* (40%) are expected to see the largest increases in employment, while specialist building operatives (-13%) and glaziers (-12%) are predicted to be among the 12 occupational groups likely to see falls. The annual recruitment requirement for the South West is expected to total 3,020, with labourers nec* (1,260) and wood trades and interior fit-out (350) expected to be the most in demand.

Annual average construction output growth 2010-2014 - South West



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

* nec - not elsewhere classified

2 The outlook for construction in the South West

2.1 Construction output in the South West - overview

In 2005 prices, the construction industry in the South West was worth £9.3bn in 2008 and accounted for around 8.3% of the UK total. Construction output in the region fell by 1.7% in 2008, a slightly larger decline than for the UK as a whole which fell by 1%.

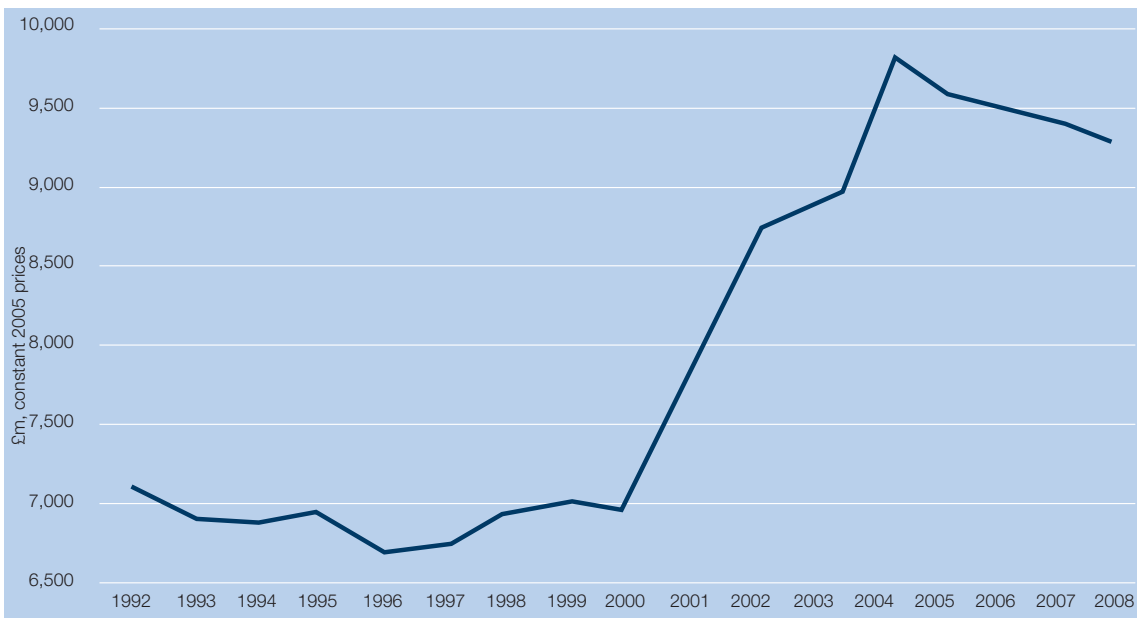
Following a decline of broadly the same size for the new work and R&M markets in 2007, the downward trend continued into 2008 as each of the markets contracted by 1.7%.

Although three of the six new work sectors experienced growth in 2008, this was not enough to offset the declines in the remaining ones.

The most buoyant was the public non-housing sector with a year-on-year increase of 34%. This was despite a relative dearth of BSF projects in the South West. The commercial sector also rose robustly at, 16% over the year, while the growth for public housing output was 11% to take output to £209m, the highest level since 2004.

In contrast, the private housing sector was the worst performer with a decline of 22% in 2008 as falling house prices and constrained mortgage lending damaged consumer confidence. The contraction for the industrial sector was also in double-digits at 17%, although this is not surprising considering the region's economy features a significant proportion of engineering firms which are suffering in the current downturn. Finally, the 2% fall for the infrastructure sector was modest and was the result of a lack of major works in the region.

Construction output 1992-2008 - South West



Source: ONS ref. CSN Explained, Section 4, Note 1

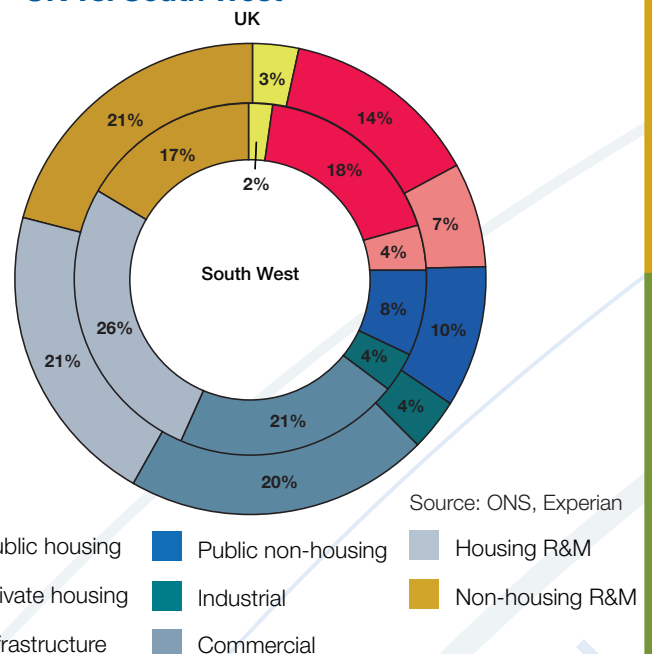
2.2 Industry structure

The diagram, Construction Industry Structure 2008 – UK vs. the South West, illustrates the sector breakdown of construction in the region compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

The main difference that stands out is the relatively larger size of the housing R&M market in the South West, at 26%, compared with the UK as a whole, and conversely, the relatively smaller non-housing R&M market, 17% in the South West compared with 21% across the UK.

In new work, the sector which stood out the most in the South West was the private housing one. Accounting for 18%, it held a larger share of total construction output when compared to the UK average of 14%. However this was at the expense of the infrastructure sector which at 4% was smaller when compared to the national average of 7%.

Construction industry structure 2008 - UK vs. South West



* nec - not elsewhere classified

Economic structure - South West (£ billion, 2005 prices)

Selected Sectors	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Public services	21	0.0	0.5	1.3	1.4	1.5	1.5
Financial and business services	20	-6.5	-1.0	1.0	1.1	1.7	2.0
Transport and communications	6	-3.8	2.5	4.1	3.8	3.7	3.8
Manufacturing	12	-15.0	2.9	4.6	3.8	3.3	3.3
Distribution, hotels and catering	16	-4.2	1.2	1.5	1.6	1.7	1.6
Total Gross Value Added (GVA)	91	-5.3	0.7	1.5	1.5	1.4	1.8

Source: Experian
Ref. CSN Explained, Section 4, Note 3

2.3 Economic overview

The expected performance of a regional or national economy over the forecast period from 2010 to 2014 provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

Worth £91.1bn, in 2005 prices, the South West economy grew by 1.3% year-on-year in 2008 and accounted for around 8% of the UK total.

The largest component of the regional economy was public services, equivalent to 22% of the total gross value added (GVA). Financial and business services generated another 22% of total economic activity for the region in 2008, however, this was less than the sector's 27% share for the UK as a whole. Nonetheless, the financial and business services sector has grown by over 52% since the beginning of the decade, much faster than public services which grew by 10%.

Although manufacturing broadly accounted for the same proportion of total GVA when compared to the national average of 13% in 2008, its share has fallen from 17% in 2000.

2.5 Forward looking economic indicators

On an annual average basis, GVA growth in the South West between 2010 and 2014 is expected to be slightly below that of the UK as a whole, 1.4% compared to 1.6%. The manufacturing and transport and communications sectors are predicted to increase at the same rate of 3.6% per year and should be the best performing in the regional economy.

Household disposable income growth for the South West at 1.5% is expected to be slightly above that of the national average of 1.3%, with a similar trend projected for household spending.

In line with the rest of the UK, the debt to income ratio for the South West has risen steeply since the beginning of the decade. At 2.3 in 2008, the ratio for the region was much higher than the national average of 1.7. Although the figure is expected to fall over the period 2010–2014 in the South West, the UK's average rate of decline per year should be higher.

According to the Department for Communities and Local Government (DCLG), average house prices for the region reached £218,281 in 2008, down 2.8% on the previous year but still 3.3% above the UK average. Prices are expected to experience a double-digit fall in 2009, returning to moderate growth from 2010.

Economic indicators - South West (£ billion, 2005 prices - unless otherwise stated)

	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Real household disposable income	70	4.5	0.4	1.8	1.4	1.7	2.0
Household spending	72	-0.2	1.0	1.4	1.7	2.0	2.2
Debt:income ratio	2.3	-0.4	-0.8	-2.7	-1.5	-0.7	-0.7
House prices (£'000, current prices)	218	-11.2	3.1	2.8	2.3	2.5	2.6
LFS unemployment (millions)	0.11	39.6	29.4	1.4	-11.4	-14.8	-9.2

Source: ONS, DCLG, Experian

New work construction orders - South West (£ million, current prices)

	Actual	Forecast Annual % change, real terms				
	2008	2004	2005	2006	2007	2008
Public housing	173	12.4	-26.2	22.4	-10.4	47.0
Private housing	794	57.6	13.8	15.8	-18.9	-42.0
Infrastructure	263	-32.7	39.0	-29.9	12.0	-9.7
Public non-housing	672	21.0	-30.2	-22.6	31.9	49.1
Industrial	187	5.3	34.3	23.0	0.9	-37.1
Commercial	983	49.2	-12.3	64.5	0.3	-30.7
Total new work	3,071	29.6	-0.2	18.8	-4.5	-22.1

Source: ONS
Ref. CSN Explained, Section 4, Note 4

2.6 New construction orders - overview

Following fluctuations in new work orders in the five years to 2007, the South West experienced a second consecutive year of decline in 2008. The fall of 22% on the previous year took their value down to £3.1bn, in current prices.

The public housing and public non-housing sectors were the only ones to have seen any growth year-on-year in new orders, as the former increased by 47% and the latter by 49%. However, falls in the commercial (31%) and private housing (42%) sectors, the largest in new work, more than offset the rises, while the contractions for the infrastructure (10%) and industrial (37%) sectors further helped the downward trend.

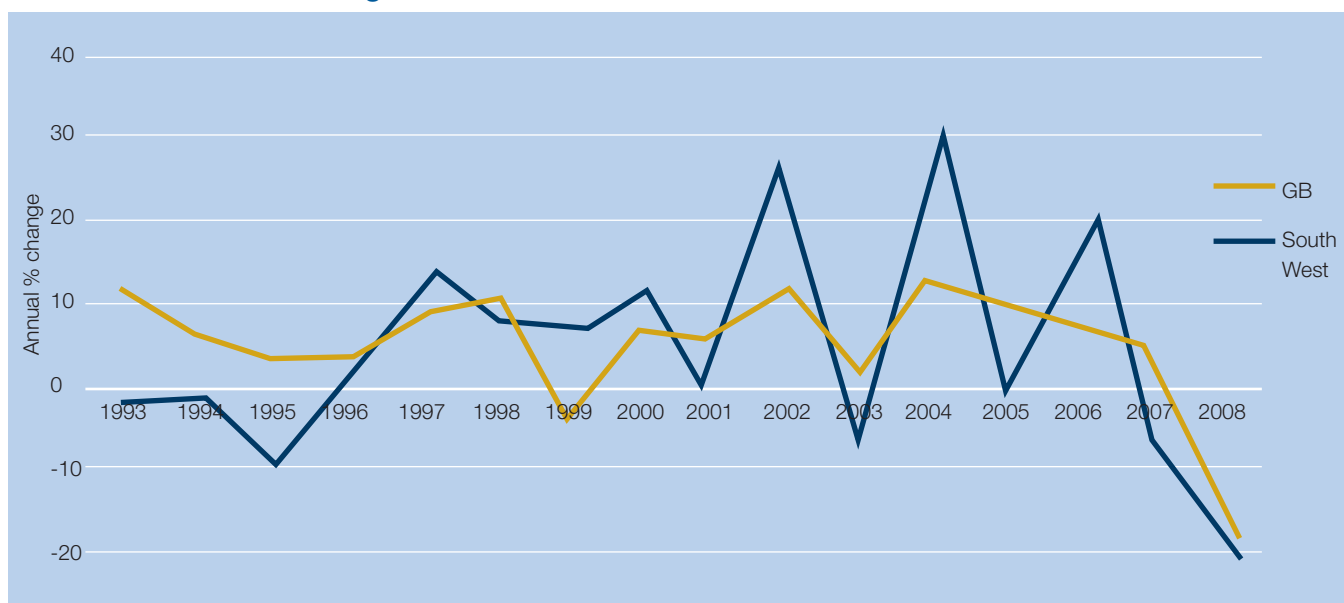
2.7 New construction orders - current situation

In the first three quarters of 2009, new construction orders totalled £1.9bn, in current prices, down a further 22% when compared to the corresponding period of the previous year.

Commercial orders to the end of September trailed those placed for the same period of 2008 by 43%, a significant decline since the sector is the largest in the region. Private housing and industrial orders also suffered large falls of 28% and 27%, respectively. The other sector to see a contraction in new orders was the infrastructure one, with the level down by one-fifth in the first nine months of 2009 when compared with the same part of 2008.

Over the same period, public non-housing new orders moved in the opposite direction as they rose by 17%, while public housing orders were up by just 1%.

New construction orders growth 1993-2008 - South West vs. GB



Source: ONS
Ref. CSN Explained, Section 4, Note 4

2.8 Construction output – short-term forecasts (2010–2011)

Regional Office of National Statistics (ONS) output statistics are published in current prices and are thus inclusive of any inflationary effect. At the time of writing, ONS construction output statistics are only available for the first two quarters of 2009.

In the first two quarters of 2009, construction output fell by 12.3% to £4.5bn, in current prices, on an annualised basis. Although both the new work and R&M markets experienced declines over the same period, the former experienced a much steeper contraction of 19.4% relative to the latter's 3.9% decrease. Total construction output in the South West is expected to see annual average declines of 3.4% per year over the 2010–2011 period, in contrast to the UK as a whole which is predicted to see a marginal rate of increase. Although in the short-term both the new work and the R&M markets are expected to perform poorly, R&M is expected to see a steeper decline than new work.

The public non-housing sector saw the largest growth in output in the first half of 2009, increasing by 44% when compared with the same period of the previous year. However, the sector is likely to peak in 2009 and begin to decline thereafter. The region does not benefit strongly from BSF projects in Waves 1 to 4 of the programme, thus growth in education construction has come through other funding streams whose future must become more uncertain in the increasingly constrained climate for public spending.

The outlook for the commercial sector is worse, with a projected annual average rate of decline of 7.2% between 2010 and 2011, the largest fall of any sector. In output terms, the sector lost a quarter of its value in the first two quarters of 2009 on an annualised basis as demand for office, retail and leisure space faded. It should also be

remembered that the sector has had five good years of growth and thus is coming down from a historically very high level.

In the short term, the most buoyant sector is predicted to be public housing. With an average rate of increase of 6.4% between 2010 and 2011, it is projected to benefit from over £130m of funding allocations to provide 2,736 affordable homes, taking total allocations under the 2008–11 Affordable Housing Programme (AHP) in the South West up to nearly £375m, close to half the total available. The sector should also be buoyed by the bounce back in private housing over the same period, which should help deliver social housing units through section 106 agreements. With an annual average rate of growth of 5.2%, the private housing sector should gain from the funding that the Kickstart programme is providing to get projects moving again. As of the end of November 2009 nearly £24m of Kickstart funding had been allocated across 16 projects delivering over 1,200 new homes in the region.

Output in the first six months of 2009 for the infrastructure sector reached £199m, around the same level as in the corresponding period of 2008. The sector is likely to be the second best performing in the short term with an average projected increase of 5.4% per year. The biggest roads project currently on site is the Weymouth Relief Road, started in early 2009 and due to complete in 2012. However, at only £87m, it can hardly be considered a major project, and the region has suffered from a dearth of major projects in recent years, hence the sector's proportionally small size in the South West's construction market.

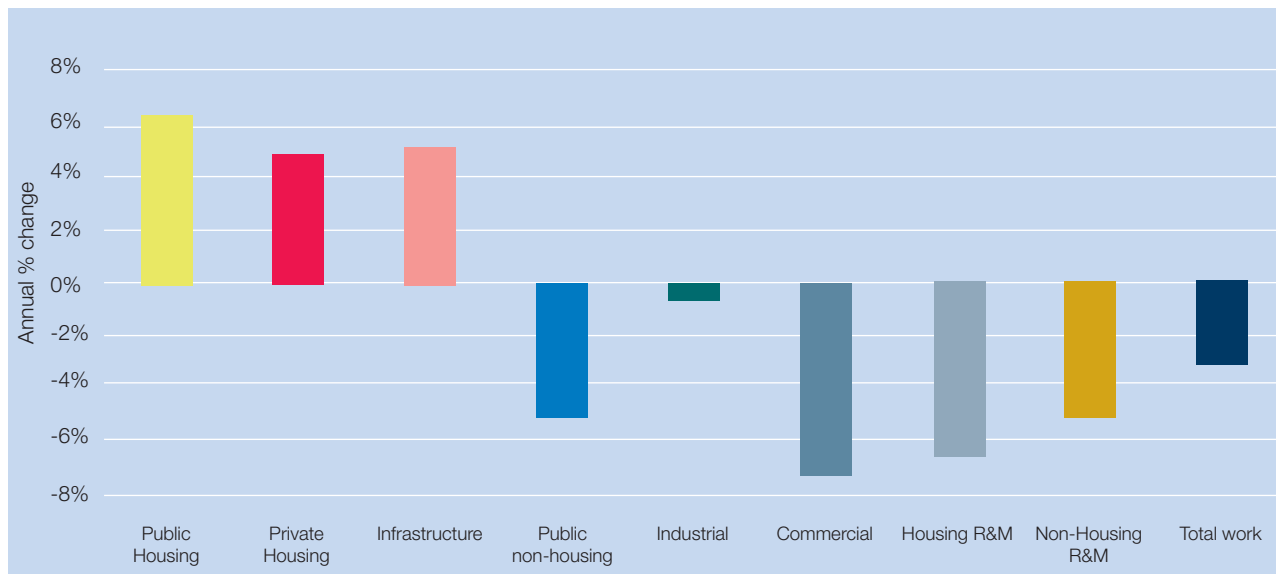
The South West economy features a significant proportion of engineering firms which are suffering in the current downturn. Not surprisingly, this has had an impact on industrial construction output where in the first two quarters of 2009, it was down 45% year-on-year. There is likely to be little let up in 2010 although output should grow modestly in 2011, giving an annual average rate of decrease of 0.6% over the two years.

Construction output - South West (£ million, 2005 prices)

	Actual	Forecast annual % change			Annual average
	2008	2009	2010	2011	2010-2011
Public housing	209	31%	6%	7%	6.4%
Private housing	1,643	-27%	6%	4%	5.2%
Infrastructure	388	6%	5%	6%	5.4%
Public non-housing	723	41%	-3%	-7%	-5.4%
Industrial	334	-41%	-5%	4%	-0.6%
Commercial	1,903	-27%	-11%	-3%	-7.2%
New work	5,199	-13%	-2%	0%	-1.0%
Housing R&M	2,533	0%	-6%	-7%	-6.5%
Non-housing R&M	1,529	-6%	-6%	-4%	-5.2%
Total R&M	4,062	-2%	-6%	-6%	-6.1%
Total work	9,262	-8%	-4%	-3%	-3.4%

Source: Experian
Ref. CSN Explained, Section 4, Notes 1 and 2

Annual average construction output growth 2010-2011 - South West



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

2.9 Construction output – long-term forecasts (2010–2014)

The construction industry in the South West is predicted to grow at an annual average rate of 0.4% over the five years to 2014. The new work market is forecast to see an increase of 2.3% per year, while the R&M market is projected to decline by 1.8% per year over the same period. Both the housing and non-housing R&M sectors are expected to see annual average contractions of 1.8%.

The private housing sector, the second largest in new work, should be the main force behind the positive rate of increase for new work. At 9.1%, it should be the best performing of the six sectors with moderate growth in the initial two years of the forecast period and reasonably strong increases thereafter. As with many other regions and devolved nations, a stabilisation in house prices and an easing in lending criteria for mortgages should boost demand, with affordability ratios having improved in the meantime also.

The public non-housing and commercial sectors are the only ones in the new work market predicted to have a negative rate of change between 2010 and 2014. At 5.9%, the former is expected to suffer from public expenditure cuts that are inevitable in the light of the ballooning public debt. Given the recent high level of activity in the sector in the South West, albeit outside of the BSF programme, the expectation is that these cuts will hit the region relatively hard. The rate of decline for the commercial sector should be much more modest at 0.6% a year, largely predicated on a lack of demand in the early part of the forecast period. The prospects for demand for office, retail and leisure facilities are likely to improve over

time. Furthermore the £475m PFI redevelopment of Southmead Hospital for North Bristol NHS Trust, which is due to begin early next year, and the £350m redevelopment of Kings shopping centre in Gloucester should boost the sector.

With an annual average rate of growth of 5.1%, the infrastructure sector is predicted to be the second best performing over the medium term. Although there is a lack of major roads projects in the pipeline in the South West, the Hinckley Point nuclear power station, which could see preliminary works starting in the second half of 2011 if all goes according to plan, should provide a boost for the sector.

The poor short term outlook for the industrial sector is expected to give a moderate rate of growth of 3.3% between 2010 and 2014, on an annual average basis. This has been backed by the factories and warehousing new construction orders data which has been on a downward path over recent quarters. However, an improving economic climate and the underlying demand for facilities, as suggested by the latest RICS Commercial Market Survey, should help output in the sector to bounce back and see moderate year-on-year increases from 2011 to the end of the forecast period.

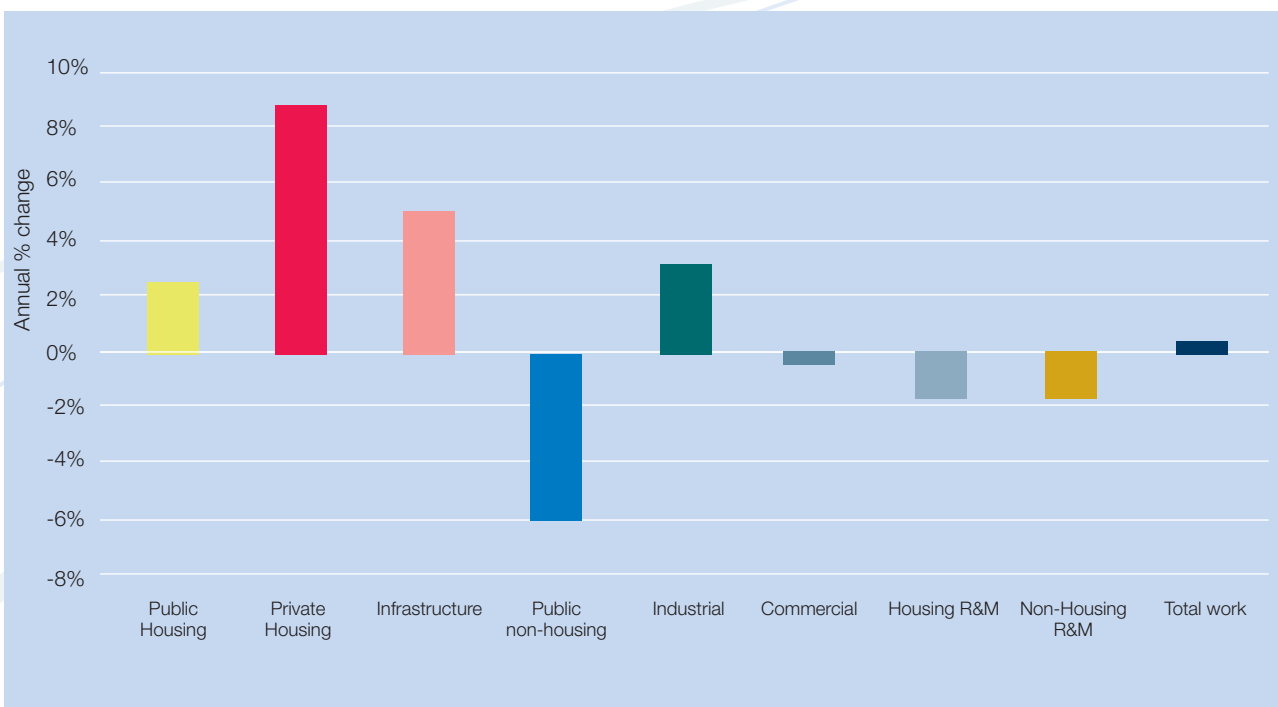
Post 2011, the prospects for public housing output are a lot more uncertain. While the need for increasing levels of social housing will not have diminished, it is unlikely that the next AHP will have a higher level of funding than the current one, in fact the reverse is likely to be true. Thus a much weaker rate of increase in the second half of the forecast period leads to a fairly moderate annual average growth rate of 2.5% between 2010 and 2014 as a whole.

Construction output - South West (£ million, 2005 prices)

	Estimate	Forecast annual % change					Annual average
	2009	2010	2011	2012	2013	2014	2010-2014
Public housing	273	6%	7%	-1%	1%	1%	2.5%
Private housing	1,204	6%	4%	15%	14%	7%	9.1%
Infrastructure	413	5%	6%	3%	5%	7%	5.1%
Public non-housing	1,022	-3%	-7%	-9%	-7%	-3%	-5.9%
Industrial	197	-5%	4%	7%	6%	5%	3.3%
Commercial	1,395	-11%	-3%	2%	4%	6%	-0.6%
New work	4,503	-2%	0%	4%	5%	4%	2.3%
Housing R&M	2,540	-6%	-7%	2%	2%	1%	-1.8%
Non-housing R&M	1,440	-6%	-4%	2%	1%	-1%	-1.8%
Total R&M	3,980	-6%	-6%	2%	1%	0%	-1.8%
Total work	8,483	-4%	-3%	3%	4%	2%	0.4%

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

Annual average construction output growth 2010-2014 - South West



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

3 Construction employment forecasts for the South West

3.1 Total construction employment forecasts by occupation

The table, Total employment by occupation – South West, presents actual construction employment (SIC 45 and 74.2) in the South West for 2008, and the forecast total employment for each of the 26 occupational groups between 2010 and 2014. A full breakdown of occupations is provided in Section 5 of CSN Explained.

In 2014, total construction employment in the region is expected to reach 207,360, when including SIC 45 and 74.2. Although this figure is predicted to be up marginally on the 2010 projection of 205,880, it is likely to be almost 10% below the 2008 level. A breakdown of total employment in 2014 suggests that 183,790 workers will be working in SIC 45 while 23,570 will be employed in SIC 74.2.

The largest occupational group in the South West in 2008 was wood trades and interior fit-out, accounting for around 11.8% of total construction employment, slightly higher than the national average of 11.2%. Although the occupation is forecast to be 11% smaller in 2010 when compared to 2008, its size as a proportion of total employment should remain broadly the same.

Between 2010 and 2014, the occupations expected to see the greatest growth in employment are scaffolders (42%), labourers nec* (41%) and civil engineering operatives nec* (40%). Furthermore, labourers nec* (4,250) and civil engineering operatives nec* (1,820) should once again see the largest increases in absolute terms.

Twelve of the 26 occupational groups are predicted to see a decrease in employment between 2010 and 2014, with the biggest falls predicted to be for specialist building operatives (13%) and glaziers (12%).

Total construction employment forecasts by occupation	Actual 2008	Forecast	
		2010	2014
Senior, executive, and business process managers	9,110	7,810	8,530
Construction managers	20,950	18,130	18,700
Non-construction professional, technical, IT, and other office-based staff	23,480	21,450	21,720
Wood trades and interior fit-out	27,090	24,120	22,970
Bricklayers	8,630	8,100	7,260
Building envelope specialists	13,080	11,040	9,850
Painters and decorators	14,240	13,070	12,780
Plasterers and dry liners	4,030	3,240	3,390
Roofers	4,600	3,730	3,330
Floorers	3,430	3,600	3,210
Glaziers	5,270	4,750	4,170
Specialist building operatives nec*	5,600	4,890	4,260
Scaffolders	1,640	1,660	2,350
Plant operatives	3,210	3,100	3,730
Plant mechanics/fitters	2,840	3,020	2,960
Steel erectors/structural	2,490	2,260	2,430
Labourers nec*	11,320	10,420	14,670
Electrical trades and installation	12,080	13,000	12,050
Plumbing and HVAC Trades	16,760	15,620	14,570
Logistics	1,600	1,440	1,850
Civil engineering operatives nec*	5,180	4,580	6,400
Non-construction operatives	2,430	2,060	2,610
Civil engineers	6,070	4,580	4,230
Other construction professionals and technical staff	14,850	12,100	11,640
Architects	3,600	2,800	2,640
Surveyors	5,700	5,300	5,070
Total (SIC 45)	199,060	181,090	183,790
Total (SIC 45 and 74.2)	229,290	205,880	207,360

Source: ONS, CSN, Experian
Ref. CSN Explained, Section 4, Notes 5 and 6

* nec - not elsewhere classified

3.2 Annual recruitment requirements (ARR) by occupation

The ARR is a gross requirement that takes into account workforce flows into and out of construction, due to such factors as movements between industries, migration, sickness, and retirement. However, these flows do not include movements into the industry from training, although robust data on training provision is being developed by ConstructionSkills in partnership with public funding agencies, Further Education, Higher Education and employer representatives. Thus, the annual recruitment requirement provides an indication of the number of new employees that would need to be recruited into construction each year in order to realise forecast output.

The ARR for 26 occupational groups within the South West construction industry between 2010 and 2014 is illustrated in the table, Annual recruitment requirement by occupation – South West. The ARR of 3,020 is indicative of the average requirements per year for the industry, as based on the output forecasts for the region. This takes into account ‘churn’, flows into and out of the industry.

The largest ARR's are predicted to be for labourers nec* (1,260) and wood trades and interior fit-out (350), which together should account for around 53% of the industry's entire ARR. As a percentage of the base employment number in 2010, the labourers nec* (12%) occupation is projected to once again be most in demand, along with logistics personnel.

Please note that all of the ARR's presented in this section are employment requirements and not necessarily training requirements. This is because some new entrants to the construction industry, such as skilled migrants or those from other industries where similar skills are already used, will be able to work in the industry without the need for retraining.

Non-construction operatives is a diverse occupational group including all of the activities under the SIC 45 and SIC 74.2 umbrella that cannot be classified elsewhere, such as cleaners, elementary security occupations nec and routine inspectors and testers. The skills required in these occupations are highly transferable to other industries and forecasting such movement is hazardous given the lack of robust supportive data. Therefore the ARR for non-construction operatives is not published.

Finally, for certain occupations there will be no appreciable requirement over the forecast period, partly due to the recession creating a ‘pool’ of excess labour.

ARR by occupation	2010-2014
Senior, executive, and business process managers	60
Construction managers	60
Non-construction professional, technical, IT, and other office-based staff	230
Wood trades and interior fit-out	350
Bricklayers	60
Building envelope specialists	-
Painters and decorators	-
Plasterers and dry liners	190
Roofers	<50
Floorers	-
Glaziers	-
Specialist building operatives nec*	-
Scaffolders	100
Plant operatives	220
Plant mechanics/fitters	-
Steel erectors/structural	80
Labourers nec*	1,260
Electrical trades and installation	140
Plumbing and HVAC Trades	-
Logistics	170
Civil engineering operatives nec*	80
Non-construction operatives	-
Civil engineers	-
Other construction professionals and technical staff	-
Architects	-
Surveyors	-
Total (SIC 45)	3,020
Total (SIC 45 and 74.2)	3,020

Source: CSN, Experian
Ref. CSN Explained, Section 4, Notes 5 and 6

* nec - not elsewhere classified

4 Comparisons across the UK

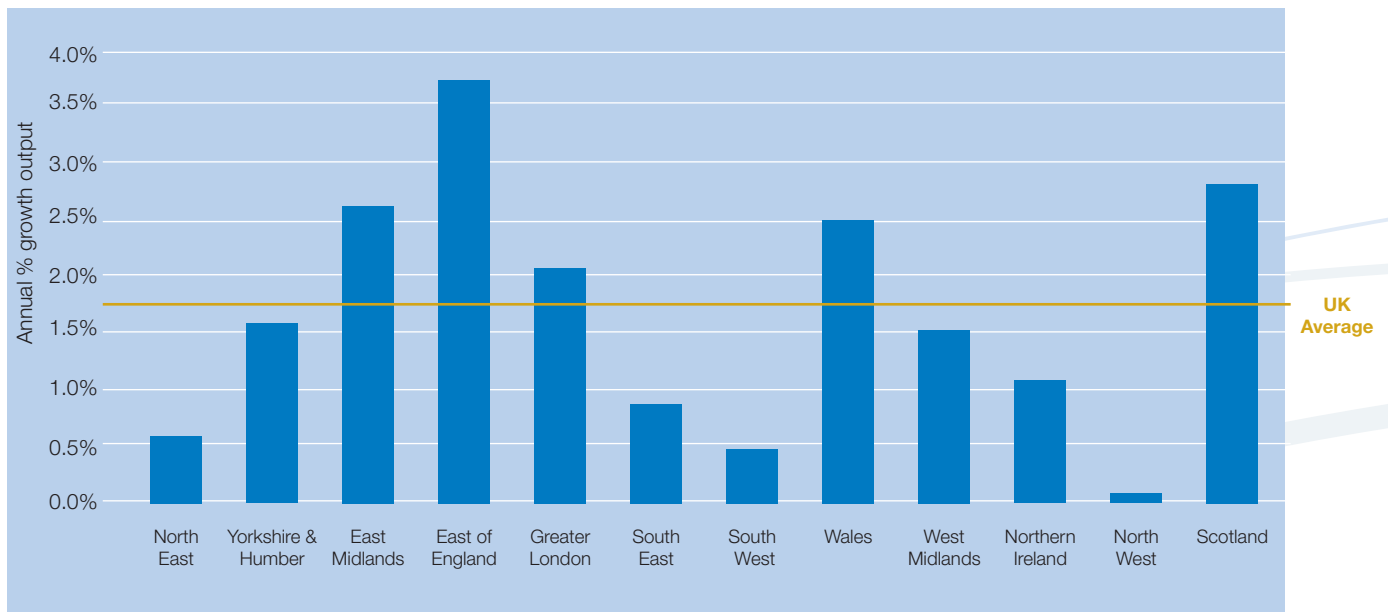
Between 2010 and 2014, all of the regions and nations in the UK are forecast to experience a rise in construction output, with the East of England coming out on top with an annual average growth rate of 3.8%. In contrast, the North West and South West construction industries are expected to be the worst performing with average increases per year of just 0.1% and 0.4%, respectively.

The South West's infrastructure sector does not benefit as strongly from major civil engineering schemes when compared to many other regions and devolved nations. An example of this is the East of England which is likely to see a significant stream of output coming through via the roads and harbours sub-sectors, and Greater London, which has projects such as Thameslink, Tottenham Court Road Underground redevelopment, the Thames Water Tideway Tunnel project, and by far the biggest of them all, Crossrail.

Similarly, the public non-housing sector in the region has a relative dearth of BSF projects, which have largely driven growth elsewhere. However, this is likely to prevent output in the sector in the South West from falling as steeply as in regions that have been more heavily reliant on this programme of work. For example, the North East has benefitted strongly from BSF work and is thus likely to be significantly affected if this programme is cut.

On a brighter note, the private housing sector in the South West should grow at a rate above the national average over the medium term. Kickstart funding should get projects moving again and that, coupled with a general recovery, should contribute to a relatively buoyant outturn between 2010 and 2014. Other regions and devolved nations where demographic factors are strong, such as the East Midlands and the East of England, which are expected to experience high levels of household formation over the long term, should see the most robust growth in the UK.

Annual average output growth by region 2010 - 2014

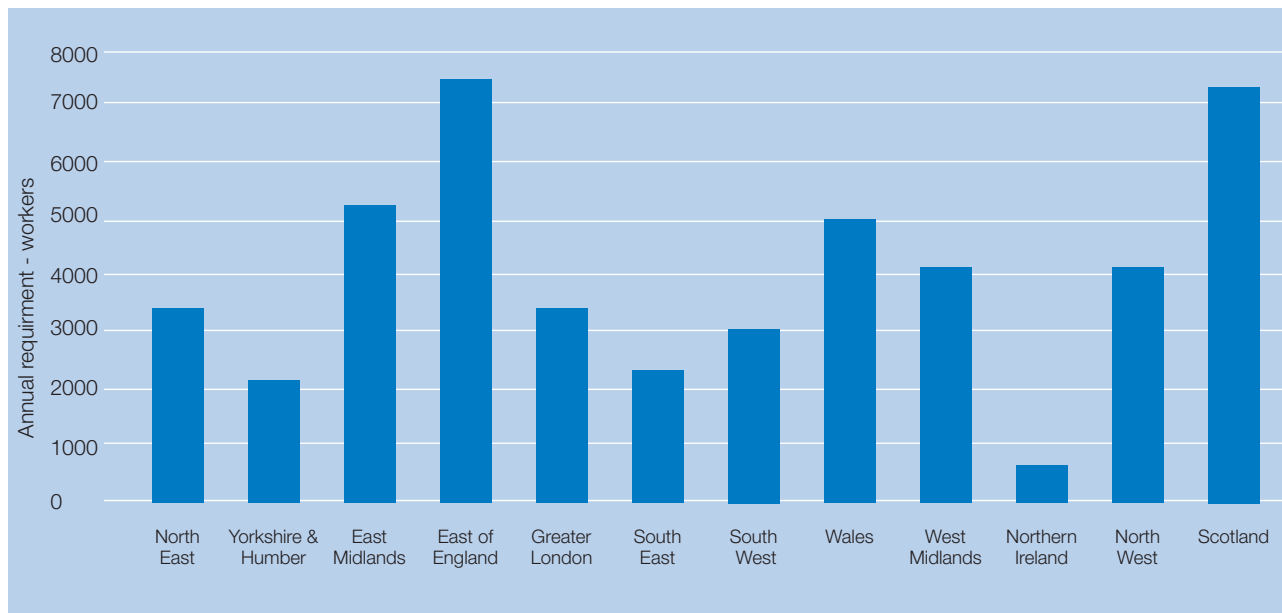


Source: Ref. CSN Explained, Section 4, Note 2

Over the medium term, the private housing sector in the South West should grow at a rate above the national average.

The ARR for 2010 to 2014 for the South West is estimated to be 3,020, below the national average. The region does not suffer from high net outflows, thus its ability to retain its workforce should prevent there being a large need to recruit over and beyond the natural flows in the employment market. The opposite is true for Scotland, hence its high ARR of 7,220. Meanwhile, the East of England has the highest ARR in the UK, at 7,350, although this more down to the region having a large R&M market, which is much more labour intensive and thus generates more jobs per £1m of output.

Annual recruitment requirement (ARR) by region 2010 - 2014

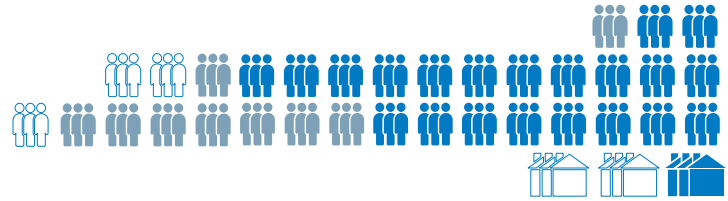


Source: CSN, Experian



The ARR for 2010 to 2014 for the South West is estimated to be

3,020.



These materials together with all of the intellectual property rights contained within them belong to the Construction Industry Training Board (ConstructionSkills). Copyright 2005 ("ConstructionSkills") and should not be copied, reproduced nor passed to a third party without ConstructionSkills prior written agreement. These materials are created using data and information provided to ConstructionSkills and/or EXPERIAN Limited ("Experian") by third parties of which EXPERIAN or ConstructionSkills are not able to control or verify the accuracy. Accordingly neither EXPERIAN nor ConstructionSkills give any warranty about the accuracy or fitness for any particular purpose of these materials. Furthermore, these materials do not constitute advice and should not be used as the sole basis for any business decision and as such neither EXPERIAN nor ConstructionSkills shall be liable for any decisions taken on the basis of the same. You acknowledge that materials which use empirical data and/or statistical data and/or data modelling and/or forecasting techniques to provide indicative and/or predictive data cannot be taken as a guarantee of any particular result or outcome.

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

Sandra Lilley
CSN Manager
0300 456 7933
sandra.lilley@cskills.org

<http://www.cskills.org/contact-us/offices.aspx>

Cskills website
<http://www.cskills.org/>

CSN Webpage
<http://www.cskills.org/supportbusiness/businessinformation/csn/index.aspx>

