CONSTRUCTION SKILLS NETWORK

The skills construction needs

United Kingdom

Five Year Outlook 2022-2026

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

Foreword

UK construction is set for a new era of skills demand and job opportunities.

Tim Balcon
Chief Executive Officer, CITB

The largest increases in annual demand will be for occupations such as carpenters and joiners and construction managers, along with a range of technical roles. These include electronics technicians, civil engineering technicians, estimators and valuers, as well as office-based support staff.

Growth

The construction industry has, like all sectors, faced huge uncertainty since the pandemic hit the UK in Spring 2020. The easing of Covid-19 restrictions across Britain, at the start of this year, initially led to cautious optimism on industry growth.

However, we live in turbulent times and since then optimism has cooled. Increased supply chain costs and inflation have been brought firmly back into focus following Russia's invasion of Ukraine at the end of February.

This has led to the introduction of economic sanctions on Russia that have exacerbated rising global commodity prices, especially oil and gas, food, and raw materials for industrial production.

As a result, economic forecasts are now being revised down for the UK in 2022 and 2023 as higher energy and food prices drive up inflation and squeeze the cost of living for many.

Recruitment

The greatest challenge UK construction faces over the next five years is, arguably, recruiting the number of people to fill the growing number of vacancies.

It will be a major task. as construction vacancies recently hit a 20-year high and competition for talent, from other industries, will be tough.

It means employers will need to refresh the way they recruit staff. Employing fully skilled workers is unlikely to meet the expected shortfall because, to put it bluntly, the workers aren't available; they have left industry through retirement, emigration, or choice.

Attracting fresh young blood will present new challenges. CITB's recent report *Rethinking Recruitment*, showed that just two percent of people surveyed considered construction their preferred industry of work. Other industries are perceived as more attractive, however construction has a lot of strengths and it is an incredibly exciting time to join the industry.

Attract

To prepare for growth, employers need to attract from as far and wide as possible. Apprenticeships, alone, will not deliver the number of workers required. Industry should consider entrants from a variety of non-traditional sources, including adult re-skillers.

To develop domestic talent, the route from Further Education (FE) into a construction career should be made easier, too. CITB has made a start in England, working with government and colleges to create occupational traineeships for in-demand roles. Early signs show they are boosting the number of learners joining construction.

Recruiting and retaining skilled workers will be critical to capitalising on the opportunities in this forecast.

The UK Government views investment in major infrastructure projects as key in delivering the post-pandemic economic recovery along with levelling-up and future energy security.

New, skilled workers will help construction deliver government aims and build the homes and buildings that the country needs, retrofit our built environment, to meet net zero targets, and develop infrastructure to boost the economy.

Collaborate

To help meet the skills challenge, CITB will collaborate with employers, training providers and governments to attract more people into construction. We will ensure they can access first class skills and training and will highlight the diverse, career opportunities available.

You can see the range of work we're committed to in our Business Plan which was published in May. The plan outlines our three core challenges which are: responding to the skills demands; developing the capacity and capability of construction training provision; and addressing future skills needs.

It also shows where we will invest over £233m in UK construction during 2022-23.

I hope this forecast assists governments and employers of all sizes with their workforce, project and economic planning. And I hope it is valuable to schools, further education bodies and career advisers.

This forecast demonstrates that construction has a place - and plenty of work - for people of all backgrounds and interests.

Tim Balcon
Chief Executive Officer, CITB

UK

This workforce and economic forecast, the most comprehensive of its kind, predicts that from 2022-26:

Extra workers will be required to meet UK construction output (53,200 per year, up from last year's figure of 43,000)

+ 266,000

All nine English regions plus Scotland, Wales and Northern Ireland set to experience growth resulting in increased demand for workers

↑ UK-wide growth

All major sectors forecast to experience recruitment pinch points as demand soars, most affected are

↑ Private housing
Infrastructure
Repair and maintenance

If projected growth is met, by 2026 construction employment will reach a high of nearly

↑ 2.78m

KEY FACTS AND FIGURES

Macroeconomic backdrop

Russia's invasion of Ukraine in February 2022 has exacerbated rising global commodity prices especially oil, gas, food and raw materials for industrial production. As higher energy and food prices drive up inflation economic forecasts are being revised down.

In 2020 and 2021, the UK went through several lockdowns in response to the spread of the Covid-19 virus. The adverse impact on the economy was more severe in 2020 when Gross Domestic Product (GDP) contracted by nearly 10%, but the rollout of the Covid-19 vaccination programme, which started in late 2020 together with progressively less restrictive lockdown measures meant that 2021 was a period of relative growth and improved confidence.

Macroeconomic indicators suggested that the economy would face a mixed start to 2022 as growth weakened towards the end of 2021 in response to the rapidly increasing numbers of Covid cases associated with the Omicron variant and a fall in consumer confidence and retail activity.

The major purchase index also fell and consumers' views on the economy and on their personal finances also worsened, driven by concerns over the higher cost of living and the prospect of looming interest rate increases.

However, the impact of the Omicron variant appears to have passed without significant economic damage and economic forecasts at the start of 2022 had an average of over 4% GDP growth for the year, after allowing for the expected squeeze on real incomes and household consumption.

While supply chain issues that initially emerged in 2021 continued to blight the construction industry, leading to associated rise in input costs, there were signs that this had started to ease slightly by the end of the year. The IHS Markit/CIPS UK Construction PMI® Total Activity Index increased from 56.3 in January 2022 to 59.1 in February, pointing towards an increase in construction activity.

The cautious optimism at the start of 2022 would have also been helped by the easing of Covid-19 restrictions across the UK. However, increasing supply chain costs and inflation were brought firmly back into focus following Russia's invasion of Ukraine at the end of February, which subsequently led to the introduction of economic sanctions on Russia that have exacerbated already rising global commodity prices, especially oil and gas, food, and raw materials for industrial production. As a result, economic forecasts are now being revised down for the UK in 2022 and 2023 as higher energy and food prices drive up inflation and squeeze the cost of living for many.

This is reflected in views on economic indicators, with lower levels of GDP growth, consumer spending and investment levels during 2022-24, along with a significant increase in consumer prices. For the labour market, views on the levels of employment and unemployment don't point towards significant changes, therefore the current high level of vacancies is likely to persist.

Q1 2022 has seen a 3.8% increase in GB construction output, to £44.4bn, the highest quarterly figure recorded.

KEY UK MACROECONOMIC INDICATORS

	Forecasts (Annual % change, unless otherwise stated)				
	2018	2019	2020	2021	2022-24 Average
GDP	1.7	1.7	-9.4	7.5	1.8
Consumer spending	2.4	1.3	-10.5	6.1	2.2
Investment	-0.1	0.5	-9.4	5.3	2.7
Government	0.4	4.2	-5.4	14.5	2.3
Exports	2.8	3.4	-13.9	-1.1	3.1
Imports	3.1	2.9	-15.9	3.0	3.8
Other Indicators					
Employment (% change)	1.2	1.1	-0.8	-0.5	0.6
Unemployment (% workforce)	4.1	3.8	4.6	4.5	4.4
Consumer prices (% change)	2.4	1.8	0.8	2.6	5.4

Source: Experian (2022)

One of the main challenges the construction industry faces over the next five years will be recruiting sufficient numbers of people to fill the growing number of vacancies.

Macroeconomic pressures will undoubtedly have an impact on construction work.

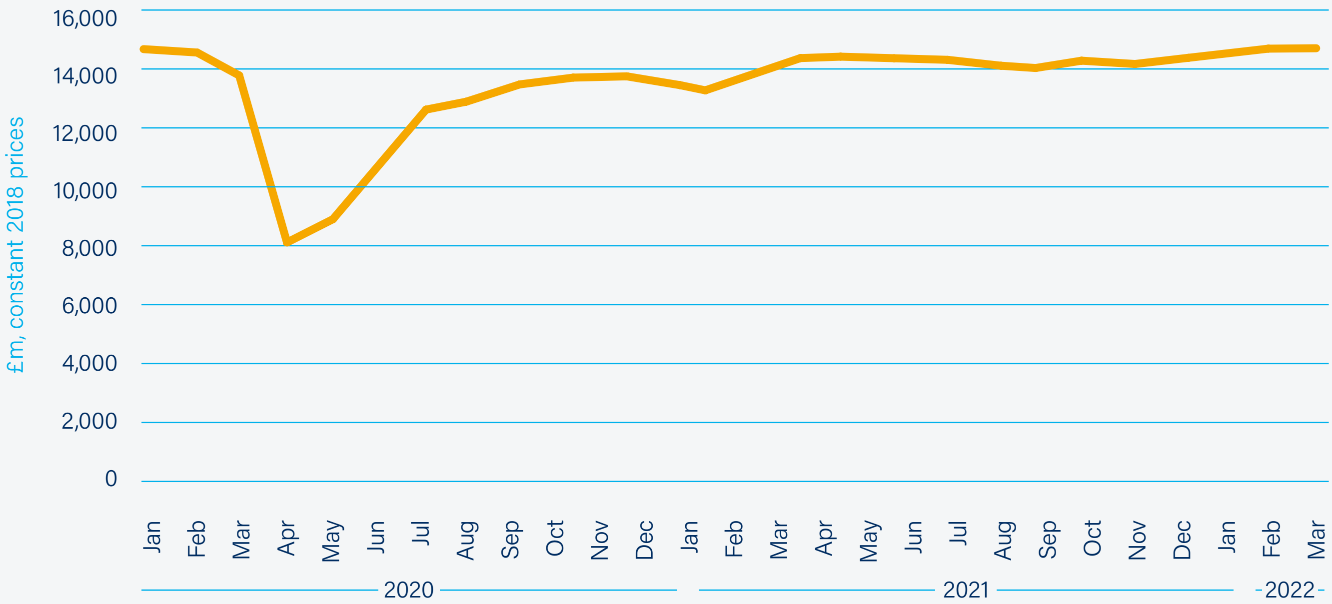
The UK economy is in the grip of the tightest labour market for several decades and going into 2022, construction vacancies were nearly double the level seen in 2019. This shows little sign of easing, even with a weakening of demand, which points towards growing competition in the job market.

Recruiting workers will be a major task and means construction employers will need to refresh the way they recruit. Employing fully skilled workers is unlikely to meet the expected shortfall because, the workers aren't available; they have left industry through retirement, emigration, or choice.

Sectors

While the highest average annual growth (AAG) rate is for the industrial sector, growth in private housing, infrastructure, and repair and maintenance output continue to be important for the construction industry over the 2022-26 forecast period. The slightly stronger growth rates for some sectors partly reflects a delayed recovery.

GB MONTHLY CONSTRUCTION OUTPUT, 2020 & 2021



Source: ONS, Output in the construction industry

In this forecast, we are still expecting UK construction output growth of 4.2%, in 2022, moderating in 2023 to 3.8% and averaging 3.2% over the period to 2026. Growth is likely to be broad-based, with all the major sectors expanding.

Total GB construction output in 2021 is estimated to have regained most of the ground lost in 2020, with annual growth of nearly 13%. Growth was stronger in the first half of the year before material and labour supply challenges, led to weaker output than expected in July and August. In October 2021 output was 2.5% below pre-pandemic level (February 2020), however this recovered with increases in November, December and January. In January and February 2022, monthly construction output was more than £14.6bn, which is the highest monthly figure since November 2019.

The Government views investment in major infrastructure projects and programmes of work as key in delivering the post-pandemic economic recovery along with levelling-up and future energy security.

Under this forecast, output would top £200bn (2019 prices) for the first time by 2026, which is 12% higher than the 2019, pre-pandemic level. By 2026 most sectors will be either close to, or above their pre-pandemic levels, with infrastructure leading the way. The exceptions may be public housing and commercial sectors, which saw deep declines in 2020.

The AAG in **private housing**, at 3.7% over the five years to 2026, will be slightly higher than the overall rate of 3.2%, having seen strong growth from the drop in 2020. We're expecting output to exceed pre-pandemic levels in 2023 and by 2026 to reach nearly £45bn (2019 prices), a new high and an increase of nearly £7.5bn over the forecast. Sustained growth has seen its share of total construction output rise from 13.7% in 2000 to 22.3% by 2026.

The housing market has benefitted from the temporary suspension of Stamp Duty, the ongoing Help to Buy Scheme and government-backed 95% mortgages on all properties. The market has cooled somewhat since the Stamp Duty 'holiday' ended at the end of June, but there remains a lot of new build projects in the pipeline to help meet current housing targets. Demand for bigger homes is particularly strong, something increasingly desired in the aftermath of the pandemic.

Infrastructure saw the shallowest fall in output (5%) of any of the new work sectors in 2020 and, with growth of around 30% in 2021, it will comfortably exceed its pre-pandemic level and set a new high. The Government views investment in major infrastructure projects and programmes of work as key in delivering the post-pandemic economic recovery along with levelling-up and future energy security. While one or two proposed projects have hit the buffers, at least temporarily for the A303 tunnel under Stonehenge, or have been dropped, such as the Oxford-Cambridge Expressway, there are still plenty of other schemes in the road and rail sub-sectors to drive growth. If there is an element of weakness in the infrastructure sector, at least in the short term, it is likely to be with air travel. Travel restrictions have had a direct impact and most significant airport investments are likely to be on hold until air traffic shows a substantial return towards pre-pandemic levels.

The strong growth rates in 2021 and 2022 for infrastructure are expected to ease as many of the current crop of mega projects, such as HS2, Hinkley Point C and the National Highways RIS2 programme, are well into their construction phases, and towards the end of the forecast period, some will be starting to wind down. Average growth over 2022-26 is projected to be 3.1%.

After private housing and infrastructure, the **Commercial sector** shows a net increase in output of over £4.0bn by the end of the forecast. However, it will still be about 14% down compared to 2019, and significantly below where it was in 2007/2008. Commercial work covers several sub-sectors, which have been struggling since 2009, such as the fast growth of online shopping eating into requirements for a high street footprint; privately financed health work having all but dried up; and the market for office construction being volatile. Only leisure has seen consistent growth from 2009.

Looking forward, private health and retail construction may have reached their low points, although office construction could struggle post-pandemic in the light of changes to working practices. The forecast AAG of 3.4% for the commercial sector reflects the lower starting point compared to other sectors.

Repair & maintenance (R&M) is projected to have an AAG of 2.8% over the five years to 2026, slightly off the pace for new work. However, R&M work showed less of a drop in output during 2020 compared to most of the new work sectors and has had slightly stronger growth in 2021. R&M work accounted for more than 36% of total construction output in 2021, and will be a significant contributor to output growth.

One of the primary R&M programmes of work going forward is the Government's £9.2bn commitment to increase the energy efficiency of homes, schools and hospitals, which includes a £3.8bn Social Housing Decarbonisation Fund, and a £2.5bn Home Upgrade Grant Scheme. Although, the performance of previous energy efficiency and renewable installation schemes have meant that some have struggled to achieve significant implementation, rising energy prices and recognition of climate change impacts should drive this forward. We therefore expect growth in the housing R&M sector to lead, with AAG of 3.0% over the 2022-26 period, while the non-housing R&M is expected to settle at an AAG of 2.7%.

Next to infrastructure, the **Public non-housing** sector saw the second smallest contraction in output of the new work sectors in 2020 (-8%), though its bounce-back in 2021 was relatively muted (+1%) and we're expecting output to drop slightly in 2022. This means that over the five years to 2026 it is projected to grow at an average rate of 1.5%, even as government investment in schools and healthcare pushes ahead.

The Westminster Government recently confirmed funding for 40 hospitals, with a further eight schemes invited to bid for future funding to deliver 48 hospitals by 2030. However, the full pipeline of projects may need additional funding to the £3.7bn earmarked. There is also a commitment to a 10-year school building programme totaling 500 new schools in England..

The Department for Education has announced the next 50 schools to be redeveloped in the second phase, which will bring the total number of schools in the existing programme up to 100. New school buildings will be designed to be net zero carbon in operation, helping meet the Government's net zero target. Ultimately, the key factor determining how well the public non-housing sector fares will depend on the Government's ability to deliver on these commitments after significant increases in public spending and borrowing to support the economy through the pandemic.

Output in **Public housing** is forecast to rise with AAG of 3.3% over 2022-26, just above the construction average. However, it suffered the worst decline of any sector in 2020, with output falling by over 30%, therefore output in the sector by the end of 2026 is likely to be around 14% below 2019 levels.

The 2021 Autumn Budget outlined a £24bn multi-year settlement for housing to 2025/26, with £10bn for Affordable Homes, £6bn to boost housing supply, £1.8bn on brownfield sites, £3bn on Help to Buy and £3bn on building safety. As with the public non-housing sector, constrained public finances over the forecast are likely to offset positive factors such as the lifting of the borrowing cap on councils, which is intended to encourage house building.

Industrial construction saw a significant drop in output during 2020, contracting by almost a fifth. The recovery in 2021 also looks disappointing, however, new orders data points towards 2022 being a better year. Its projected AAG over 2022-26 of 5.8%, reflects recovery from a weak position.

Materials shortages in construction, may reflect the longer-term impact of Brexit and the pandemic, just as much as the lack of HGV drivers. This may lead manufacturers to hold more stock, positive news for the warehouse sub-sector, which is likely to be the main area of growth within the industrial sector. Weak manufacturing investment does not yet suggest any great recovery in factory construction beyond returning output towards pre-pandemic levels.

The 2021 Autumn Budget outlined a £24bn multiyear settlement for housing to 2025/26, with £10bn for Affordable Homes, £6bn to boost housing supply, £1.8bn on brownfield sites, £3bn on Help to Buy and £3bn on building safety. As with the public non-housing sector, constrained public finances over the forecast are likely to offset positive factors such as the lifting of the borrowing cap on councils, which is intended to encourage housebuilding.

Industrial construction saw a significant drop in output during 2020, contracting by almost a fifth. The recovery in 2021 also looks disappointing, however, new orders data points towards 2022 being a better year. Its projected AAG over 2022-26 of 5.8%, reflects recovery from a weak position.

The industrial sector has been in the eye of the storm of rising input prices and delays to the availability of construction products. Materials shortages in construction, may reflect the longer-term impact of Brexit and the pandemic, just as much as the lack of HGV drivers. This may lead manufacturers to hold more stock, positive news for the warehouse sub-sector, which is likely to be the main area of growth within the industrial sector. Weak manufacturing investment does not yet suggest any great recovery in factory construction beyond returning output towards pre-pandemic levels

The industrial sector has been in the eye of the storm of rising input prices and delays to the availability of construction products.

UK CONSTRUCTION OUTPUT

	£ million in 2019 prices						% Above	% Growth						AAG
	2021	2022	2023	2024	2025	2026	Pre-Covid	2021	2022	2023	2024	2025	2026	2022-26
Public housing	5,226	5,425	5,572	5,795	5,969	6,148	-14.0%	7.8%	3.8%	2.7%	4.0%	3.0%	3.0%	3.3%
Private housing	37,416	38,898	40,482	42,375	43,646	44,912	12.6%	15.7%	4.0%	4.1%	4.7%	3.0%	2.9%	3.7%
Infrastructure	28,929	31,076	31,662	32,041	32,938	33,761	44.0%	29.6%	7.4%	1.9%	1.2%	2.8%	2.5%	3.1%
Public non-housing	9,974	9,650	9,967	10,431	10,536	10,746	-0.5%	0.9%	-3.3%	3.3%	4.7%	1.0%	2.0%	1.5%
Industrial	4,801	5,601	5,891	6,234	6,295	6,357	11.0%	2.8%	16.7%	5.2%	5.8%	1.0%	1.0%	5.8%
Commercial	22,242	22,731	23,953	24,767	25,560	26,276	-14.0%	-6.7%	2.2%	5.4%	3.4%	3.2%	2.8%	3.4%
All new work	**108,588**	**113,382**	**117,527**	**121,643**	**124,944**	**128,200**	**9.0%**	**10.9%**	**4.4%**	**3.7%**	**3.5%**	**2.7%**	**2.6%**	**3.4%**
Housing R&M	**31,442**	33,063	34,420	35,315	35,668	36,381	16.6%	16.7%	5.2%	4.1%	2.6%	1.0%	2.0%	3.0%
Non-housing R&M	32,149	32,977	34,275	34,926	35,974	36,694	18.9%	13.7%	2.6%	3.9%	1.9%	3.0%	2.0%	2.7%
All R&M	63,591	**66,040**	**68,695**	**70,241**	**71,642**	**73,075**	**17.7%**	**15.2%**	**3.9%**	**4.0%**	**2.3%**	**2.0%**	**2.0%**	**2.8%**
Total Work	**172,178**	**179,421**	**186,222**	**191,884**	**196,586**	**201,275**	**12.0%**	**12.4%**	**4.2%**	**3.8%**	**3.0%**	**2.5%**	**2.4%**	**3.2%**

Total workforce by occupation – United Kingdom

NON-MANUAL OCCUPATIONS	TOTAL EMPLOYMENT 2021 2026	ARR
Non-construction professional, technical, IT, and other office-based staff	412,600 418,400	9,230
Other construction process managers	199,100 209,600	4,100
Senior, executive, and business process managers	185,500 188,700	1,000
Construction project managers	50,600 53,200	680
Construction trades supervisors	45,200 46,300	540

MANUAL OCCUPATIONS	TOTAL EMPLOYMENT 2021 2026	ARR
Wood trades and interior fit-out	244,000 251,800	6,500
Electrical trades and installation	187,300 199,200	4,230
Plumbing and HVAC Trades	161,600 162,800	1,920
Labourers nec*	117,300 124,200	3,330
Building envelope specialists	89,900 101,300	1,610
Painters and decorators	94,000 97,600	1,090
Building envelope specialists	89,900 101,300	1,610
Specialist building operatives nec*	57,200 57,500	520
Plasterers	51,400 53,100	1,110
Roofers	47,700 48,300	990
Plant operatives	40,300 44,900	1,330
Plant mechanics/fitters	39,500 41,200	740
Civil engineering operatives nec*	20,700 22,500	360
Non–construction operatives	34,100 35,000	-
Glaziers	29,200 29,800	250
Floorers	25,900 26,100	580
Logistics	24,700 25,100	390
Steel erectors/structural fabrication	22,300 24,600	470
Scaffolders	22,500 23,000	390

PROFESSIONAL OCCUPATIONS	TOTAL EMPLOYMENT 2021 2026	ARR
Other construction professionals and technical staff	220,000 231,500	5,320
Surveyors	73,800 79,400	1,670
Civil engineers	55,900 62,200	1,810
Architects	37,900 43,000	1,080

Workforce

With workforce numbers holding up better than in previous recessions, we will see slower growth in jobs than in past recoveries. The largest increases in annual demand will be for occupations such as carpenters and joiners and construction managers, along with a range of technical roles. These include electronics technicians, civil engineering technicians, estimators, and valuers, as well as office based support staff.

Some of the drop in output was absorbed by a reduction in hours worked and adjusting to social distancing measures and working from home is likely to have initially affected productivity. However, the most important factor in retaining workforce figures was the introduction of the Government's Furlough and Self-Employment Income Support Schemes, particularly the support for directly employed workers.

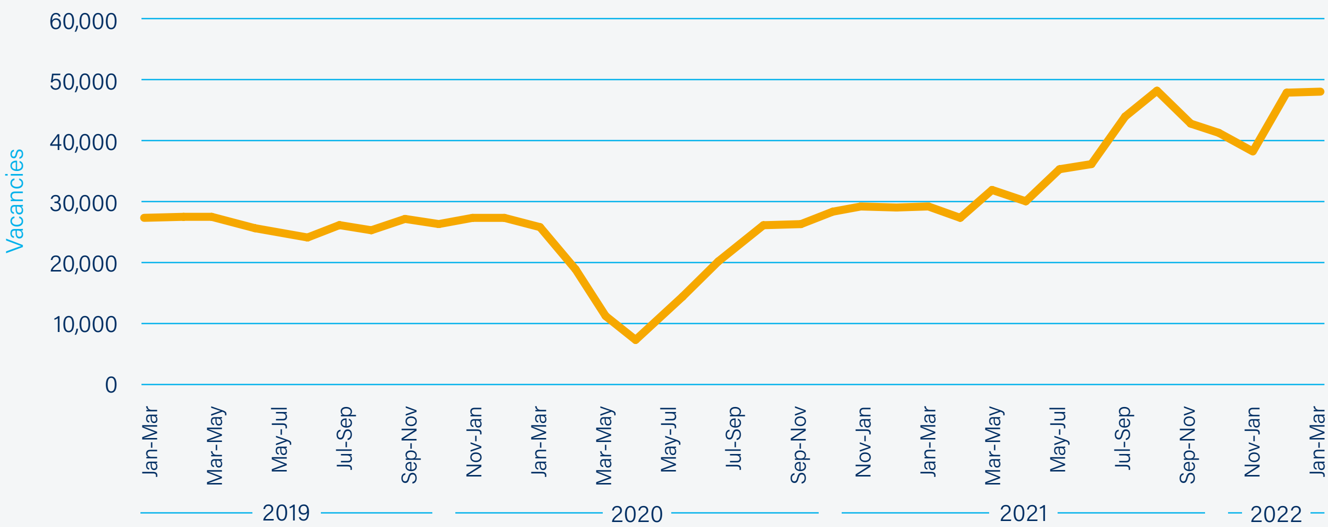
While workforce numbers mostly held up, the number of self-employed construction workers had dropped by -17% at the end of 2020, and although picking back up in 2021, it is still about 10% lower than pre-Covid levels. In addition to the pandemic, changes to migration policy and the end of free movement from the EU are likely to have impacted on construction self-employment, with recent CITB research showing a drop in numbers.

The output increase in 2021 meant a slight adjustment in workforce numbers for 2021, with a dip of -0.4% and a total figure of 2.66 million, which is 2% lower than the pre-pandemic level in 2019.

We expect the workforce to increase to around 2.69m in 2022 with the strongest rises in occupations this year likely for steel erectors (7.9%), civil engineering operatives (7.1%) and civil engineers (6.9%). We're seeing slightly more growth in the technical and professional occupations such as architects and surveyors, who are involved at the start of the construction process and would be expected to come back strongly at the beginning of a recovery period, while civil engineering roles are benefitting from the strong growth in infrastructure work.

The pick-up in construction work during 2021, along with recovery in the wider labour market, has led to a very strong increase in job vacancies and reported skills shortages. Figures from the ONS show the number of job vacancies (all industries) in January to March 2022 rose to a new record of 1,288,000, an increase of 492,000 from the pre-pandemic January to March 2020 level. While most industry sectors showed an increase in vacancies towards the end of 2022, construction showed a slight drop, however, vacancies have picked up in 2022 and returned to match previous high point.

UK VACANCIES BY INDUSTRY, CONSTRUCTION 2019 – 2022



Source: ONS, Vacancies and jobs in the UK

Despite a decline in output of around 15% during 2020, the workforce only fell by just under 2%.

For construction, the strong demand for work from the pandemic combined with the end of free movement and lower numbers of self-employed workers, are factors that have contributed to faster wage increases and skilled worker shortages. Working with industry and governments, CITB identified a number of priorities, such as bricklaying traineeships to help improve the number of learners that are entering construction for this trade, along with support to better understand the skills required for increasing use of digital technology and helping the industry deliver on net zero ambitions.

Looking forward, we expect workforce growth rates to slow to 1.3% in 2022, and over the five-year period to 2026, to average 0.8% a year as output growth slows and productivity gains kick in. Based on the forecast, construction employment will reach 2.78 million by 2026, which is slightly below the previous workforce peak seen in 2007 – 2008.

The pattern of stronger workforce growth in professional occupations compared with the trades that has been observed in recent years is expected to continue. The strongest demand over the next five years for professional occupations will be for architects (2.5%), with civil engineers close behind at 2.2%. Some of the trade occupations are also expected to have strong growth such as plant operatives (2.2%) and steel erectors (2.0%), along with building envelope specialists (2.4%).

Based on the forecast employment growth and labour flows the average annual recruitment requirement (ARR) for the 2022-26 period is estimated at 53,200 extra workers. This is an increase on the 46,430 indicated in the previous Outlook 2021 - 2025 published in July 2021 and reflects the trend of increased demand for workers seen in the second half of 2021. It also picks up on the wider shifts in the labour market such as the increase in home working and the end of freedom of movement for EU nationals, as well as lower flows into the construction industry.

With workforce numbers holding up better than in previous recessions, we will see slower growth in jobs than in past recoveries. The largest increases in annual demand will be for occupations such as carpenters and joiners and construction managers, along with a range of technical roles. These include electronics technicians, civil engineering technicians, estimators, and valuers, as well as office based support staff.

In absolute terms, the highest ARRs for construction-specific occupations are for wood trades & interior fit-out (6,500), other construction professionals and technical staff (5,320), electrical trades and installation (4,230), other construction process managers (4,100), and labourers (3,330). 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 2021 employment, the industry average ARR is 2.0% with most occupations having a requirement of less than 2.5% per year. The exceptions with a slightly higher ARR are:

- Plant operatives – 3.3%
- Civil engineers – 3.2%
- Architects – 2.8%
- Labourers – 2.8%
- Bricklayers – 2.8%
- Wood trades and interior fit-out – 2.7%.

With skills shortages, workforce growth, and the ARR showing an increasing recruitment demand, how the construction industry looks to meet this must take account of several factors.

Recruitment

Although the number of construction vacancies started to show a slight dip towards the end of 2021, they are still significantly above pre-covid levels and have increased in early 2022. The trend of fewer EU nationals in the construction workforce and a more constrained migration policy, indicates that that there will be an increasing need for construction companies to:

- Attract 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 or inactive
- Attract new entrants into the workforce from those leaving school, further education, apprenticeships, or higher education
- Improve the retention of workers within the industry
- Look at how productivity can be improved.

The strength of the jobs market, certainly in the short term, and relatively low levels of unemployment means that there will be increased competition for workers. Companies that can understand and meet what workers value the most are more 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, or flexible working to have a positive work/life balance. CITB's recently published *Rethinking Recruitment* highlights some of the challenges and sets out how it will look to support construction companies to overcome them

Apprenticeships

There are also recent trends in training to consider. CITB's recent Skills and Training research shows a drop in employer training, and although this would have been expected with the impact of Covid-19, recent figures on apprenticeships and wider training achievements show the scale of the drop that must be recovered. Although work levels picked up from the end of 2020, the slight fall in apprenticeship starts seen in 2019/20 dropped further in 2020/21, ending up 10% lower than starts in 2018/19. Early indications for 2021/22 are positive and based on reported figures to date for England and Scotland, we estimate that construction apprenticeship starts are on track to be at a similar level to what was seen in 2018/19. However, sustained growth will be needed to help meet the current skills shortages and the future demand highlighted by the ARR.

Looking wider at the overall trend in achievement for vocational construction qualifications, covering apprenticeships and further education at Level 2 and above in England, we can see a drop in 2019/20 followed by a pick-up in 2020/21. However, achievements in 2020/21 were still nearly 14% lower than pre-pandemic levels, emphasizing that construction has work to do to recover the lost ground, before then tackling the extra training needed to meet the future ARR.

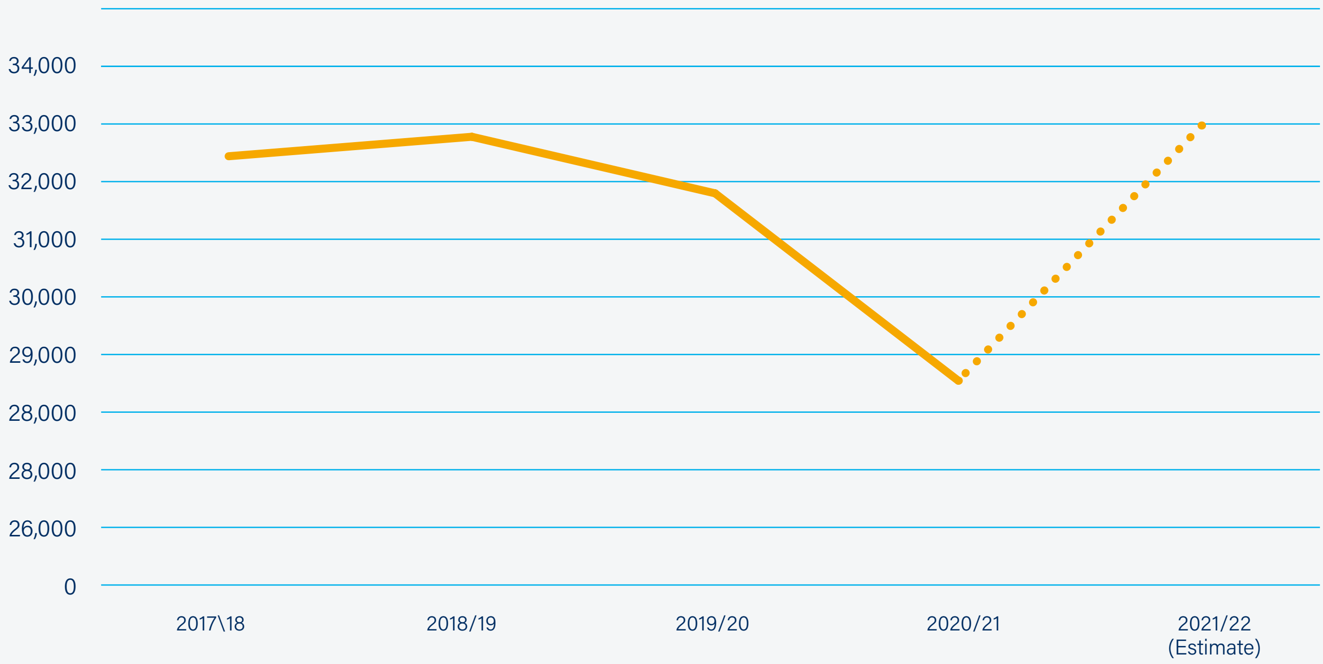
The projections therefore mean the construction industry will need to recruit an additional 266,000 workers over the next five years, over and above the normal flows that have happened, to meet projected demand.

CITB is looking at a range of actions that will help to support construction companies to invest in training.

These actions will protect apprenticeships, use targeted funding for skills priorities, help businesses to identify training needs and ensure that standards are in place for the required training. You will find more information in our recently published **2022-2023 Business Plan.**

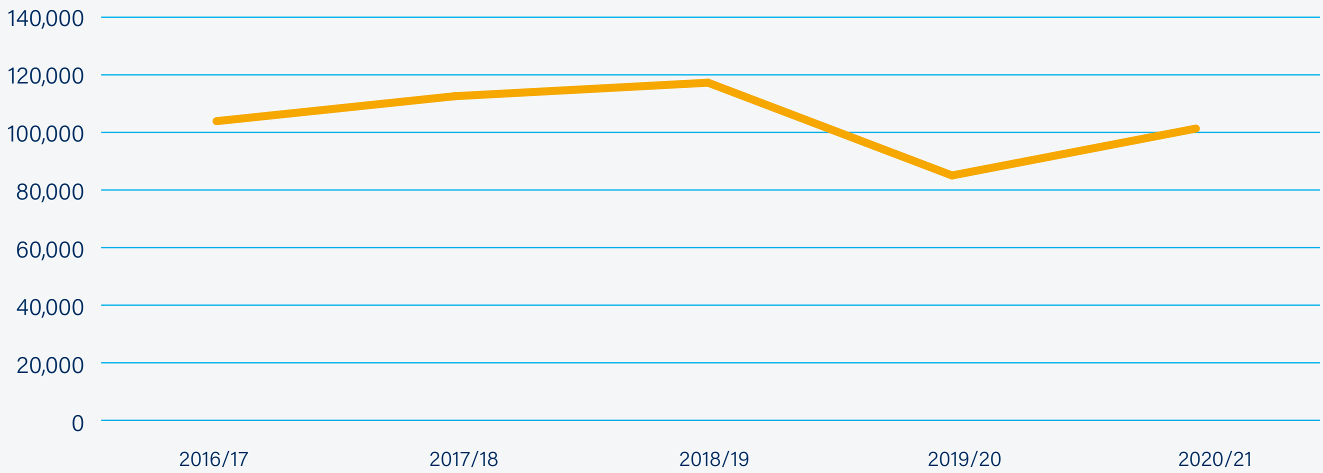
Combined action from CITB, construction companies and governments will help the construction industry to capitalise on growth opportunities. Collaboration will build new homes, infrastructure and retrofit our built environment to help meet net zero targets.

UK CONSTRUCTION APPRENTICESHIP STARTS PER YEAR, 2017/18 - 2020/21



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

CONSTRUCTION SECTOR VOCATIONAL QUALIFICATION ACHIEVEMENTS, LEVEL 2+, ENGLAND, 2016/17 - 2020/21



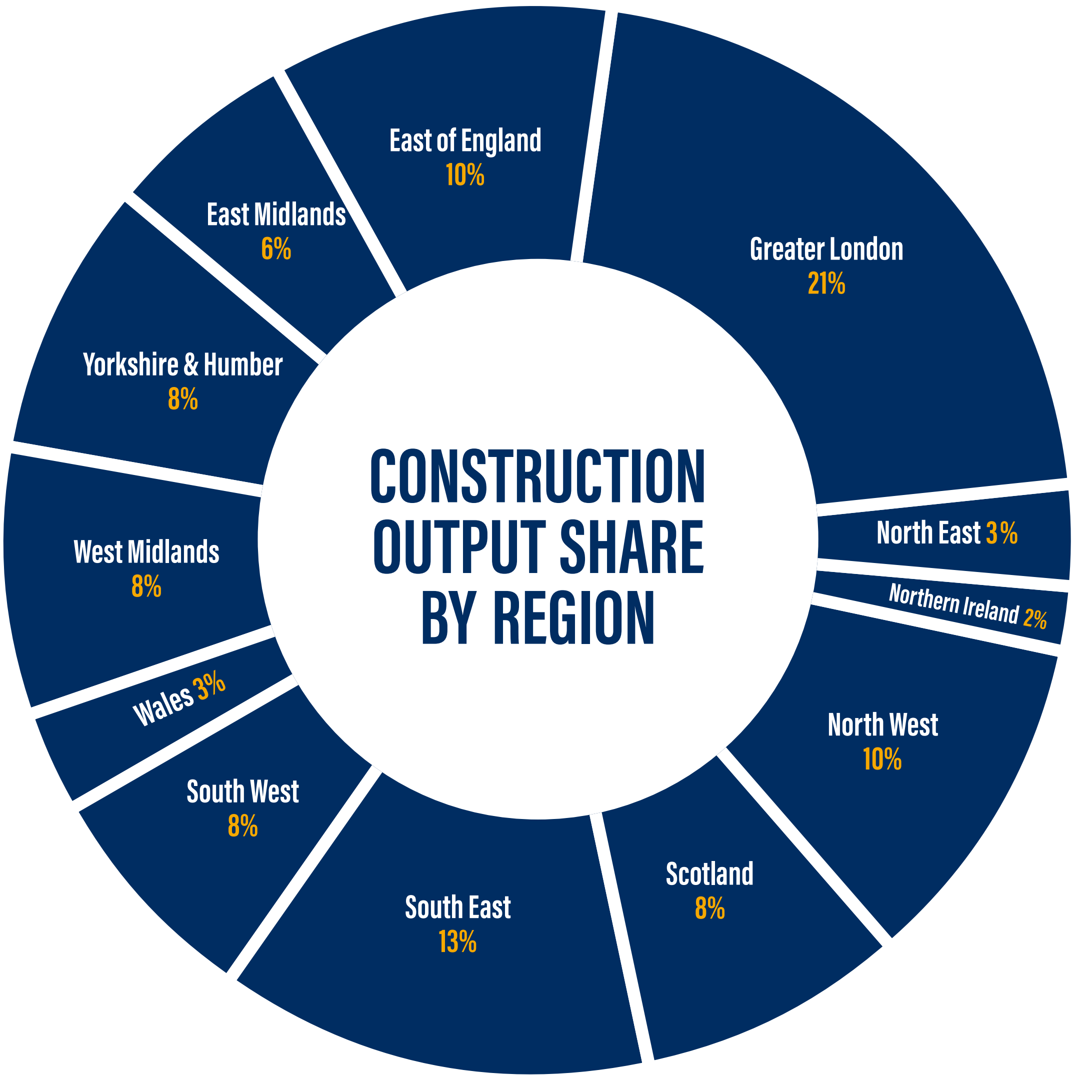
Source: Ofqual

Regions and devolved nations

Over the forecast period, all nations and regions are showing average annual output growth that's close to the UK figure of 3.2%, ranging from 2.5% in the South West and Northern Ireland, through to 3.9% in Yorkshire & the Humber.

REGIONAL SHARE OF UK CONSTRUCTION OUTPUT 2020

Greater London (21%), and the South East (13%) are the two regions that have the largest shares of construction output, accounting for nearly a third of UK construction output.



Source: ONS, NISRA, Experian

In 2021, ONS data for construction output at a nation and region level, showed more volatility amongst the nations and regions in 2020 than had been anticipated.

While 2021 saw national and regional output grow in most areas, it varied from 3.6% in the South East to 27.3% in the West Midlands. The only region to see a drop in output during 2021 was the North West of England, where output fell by 4.0%. For a few areas, construction output in 2021 is estimated to be close to, or above what was seen in 2019, such as Yorkshire & the Humber, Greater London. East of England and Northern Ireland. Yorkshire & the Humber looks to have made the biggest gain, with output in 2021 nearly 9% above 2019, whereas the East Midlands shows the largest decline, with output down by 17%.

Greater London will continue to account for around 20% of total UK construction output over 2022-26. Growth is likely to increasingly shift towards the commercial sector as work on the Thames Tideway winds down and construction activity on HS2 peaks in the middle of the forecast period. There will be some uplift in demand for office space when workers return to their desks, at least for part of the week, and the slow return of tourists to the capital should help the leisure sub-sector.

Thanks largely to the infrastructure sector, **Yorkshire & the Humber** is expected to top the growth rankings over the next five years. The region is hosting several substantial windfarms developments off its North Sea coast, on which work should last until at least 2025. The industrial construction sector is also projected to fare well, boosted by activity on Siemens' new £200m train manufacturing facility in Goole.

The **East of England** is close to the top of the regional growth rankings, driven by an expected surge in infrastructure work over the next five years. We assume that the Sizewell C nuclear generation project will go ahead towards the end of the forecast period, which will boost work in the energy sub-sector along with several offshore windfarm developments. As with other regions, positive demographics will continue to provide impetus for healthy growth in the housing sectors, and there are sizeable schemes in the pipeline, such as the £300m, 2,000-home, Brightwell Lakes development in Martlesham Heath, Suffolk, and the £1bn Stevenage town centre regeneration project, which will be spread over 20 years and have a significant residential element.

The **South West** has the slowest growth rate at 2.5% and is the only region expected to see a fall in infrastructure output as work on Hinkley Point C begins to wind down, with insufficient other projects in the pipeline to replace it. Growth is predicted to be strongest in private housing with Bristol holding its position as one of the most attractive UK cities to live in and counties further west retaining their draw for retirees. The "race for space" has also supported the housing market recently and this will continue to support activity.

The **West Midlands** will also see growth shift away from infrastructure as work on phase 1 of HS2 plateaus. However, decent growth across most other sectors over the next five years should help give an AAG of 2.8%, just slightly below the UK level.

HS2 also impacts the **South East** and will cease to drive growth in infrastructure from the middle of the forecast period, and with air traffic still well below pre-pandemic levels, there remains a question over future expansion at Gatwick. The strongest sectors over the next five years are expected to be the private housing, repair and maintenance, and commercial construction.

The **East Midlands** has tended to lack the sort of major infrastructure projects that has often driven strong expansion elsewhere in the UK. However, the region has a relatively large industrial construction sector relative to the overall size of its construction market and the latest project being taken forward is brick producer Forterra's £95m scheme to double production capacity at its Desford plant in Leicestershire. Meanwhile, the Aston Martin Cognizant Formula One Team has started construction on their 400,000 sq. ft factory and wind tunnel, in what will be an 18-month construction process.

The **North East** is projected to be at the lower end of the regional growth spectrum, with the strongest growth expected in industrial construction, driven in large part by work on the £2.6bn Gigafactory in Blyth. The commercial sector is also predicted to do relatively well, with projects such as the £260m Gateshead Quayside regeneration.

Northern Ireland's private housing sector is expected to see the strongest expansion across the nation's construction industry, although there are concerns that a lack of local infrastructure, such as sewage systems, could hold up projects. Investment allocated to the Social Housing Development Programme for 2021/22 was £162m, £26m more than in 2020/21.

Annual average output growth in the **North West** is forecast to be relatively moderate over 2022-26, with the industrial sector the strongest, driven by a delayed recovery, followed by commercial construction sector, supported by some big, mixed-use developments with a large commercial element, such as U&I's £1.5bn Mayfield development. In the housing arena the JV consortium, a group of housing associations and local authorities in the region, has committed to building 4,000 new homes under the 2021-26 Affordable Homes Programme. and local authorities in the region, has committed to building 4,000 new homes under the 2021-26 Affordable Homes Programme.

Wales is projected to see annual average output growth of 2.8%, slightly lower than the UK average, with the industrial sector, as it picks up from a slightly delayed recovery, showing the strongest growth rate. While there are still some road and rail projects on site or in pipeline, such as the A465 Heads of the Valley scheme and the South Wales Metro, infrastructure growth in Wales is likely to slow and remain well below previous output levels. A £378m Wales Property Development Fund, available from 2017, and the £209m Wales Stalled Sites Fund, available from 2018, among other investment streams, will support growth in the new housing sectors.

Scotland is projected to see annual average output growth of 2.7%, just below the UK average. Infrastructure will be boosted by several large windfarm projects, particularly in the Firth of Forth. That said, growth in infrastructure will tail off through the forecast horizon, although other sectors, such as Industrial will help growth with projects such as the £260m Mossend International Railfreight Park and the £50 million logistics park at Bellshill Industrial Estate, which has been given full planning approval.

Output in 2021 is close to, or above, what was seen in 2019, for Yorkshire & the Humber, Greater London, East of England and Northern Ireland.

Wales

11,500 extra workers needed in Wales by 2026.

Growth rate

In Wales, the volume of work will grow by an AAGR of 2.8%, slightly below the UK rate of 3.2%. All sectors will see growth over the forecast, with new work being just stronger than repair and maintenance (R&M). All sectors will see a pattern of higher growth in the earlier years, which dips closer to longer-term growth trends towards the latter years.

Although the industrial sector has the highest AAGR, the higher volumes of work in the private housing, and R&M sectors means they will contribute the biggest gains in output.

Job creation

The level of output growth in Wales gives an annual average increase of 1.0% in the construction workforce, just ahead of the UK figure of 0.8%. This means that the estimated 110,800 construction workforce in 2021 is forecast to grow to 112,500 in 2022 before increasing to 116,300 by 2026.

Annual recruitment requirement (ARR)

In Wales, the average ARR will be 2.1% per year, based on 2021 workforce levels, slightly higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 2,300 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

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 CSN detail for Wales can be found at the
CSN LMI - Wales Report

Wales

Annual average growth rate (AAGR)

↑ 2.8%

Extra workers needed in Wales by 2026

+ 11,500

Annual recruitment requirement for Wales

+ 2,300

Shaping Swansea regeneration project: Main growth driver

+ £1bn

KEY FACTS AND FIGURES

Scotland

25,250 extra workers needed in Scotland by 2026.

Growth rate

In Scotland, the volume of work will grow by an AAGR of 2.7%, slightly below the UK rate of 3.2%. Long term growth rates are expected to be similar for new work and R&M, however, all sectors will see growth over the forecast. In general, there is higher growth in the earlier years, which dips to be closerto the longer-term growth trends that have been seen, towards the latter years.

Although the industrial sector has the highest AAGR (6.1%), the higher volumes of work in the infrastructure, private housing and R&M sectors means that they will contribute the biggest gains in output.

Job creation

The level of output growth in Scotland gives an annual average increase of 0.6% in the construction workforce, just below the UK figure of 0.8%. This means that the estimated 231,700 construction workforce in 2021 is forecast to grow to 234,000 in 2022 before increasing to 238,700 by 2026.

Annual recruitment requirement (ARR)

In Scotland, the average ARR will be 2.2% per year, based on 2021 workforce levels, slightly higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 5,050 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

The infrastructure sector is benefiting from Scottish Water's investment plans, estimated at over £5bn from 2021 through to 2027; some big wind farm schemes, such as those in the Firth of Forth, ongoing or in the pipeline; and the programme for the remaining 10 (of 12) sections to dual the A9 from Perth to Inverness.

Other projects range from Aberdeen's new maternity hospital and cancer centre, which commenced in 2021, with an overall value of over £200m; Fife College's new Dunfermline campus, estimated at £180m; and in East Ayrshire, the local council has approved the Strategic Housing Investment Plan 2021-26, totalling £154m to deliver up to 1,200 affordable homes.

The CSN detail for Scotland can be found at the **CSN LMI - Scotland Report**

Scotland

Annual average growth rate (AAGR)

↑ 2.7%

Extra workers needed in Scotland by 2026

+ 25,250

Scotland's annual recruitment requirement

+ 5,050

Scottish Water's capital investment plans: Main growth driver

+ £5bn

KEY FACTS AND FIGURES

Northern Ireland

5,650 extra workers needed in Northern Ireland by 2026.

Growth rate

In Northern Ireland, the volume of work will grow by an AAGR of 2.5%, which is lower than the UK rate of 3.2%. In a change to previous patterns of work the forecast has slightly better growth in the repair and maintenance sectors, rather than new work.

There was strong output growth in 2021 from several sectors, therefore we expect to see this continue over the forecast with non-housing R&M (3.6%) contributing the most to future growth, followed by private housing and infrastructure.

Job creation

The level of output growth in Northern Ireland gives an annual average increase of 0.5% in the construction workforce, just below the UK figure of 0.8%. This means that the estimated 62,100 construction workforce in 2021 is forecast to grow to 62,700 in 2022 before increasing to 64,000 by 2026.

Annual recruitment requirement (ARR)

In Northern Ireland, the average ARR will be 1.8% per year, based on 2021 workforce levels, slightly lower than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 1,130 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

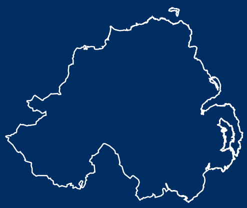
Main growth drivers and contracts

A new £208m Belfast Transport Hub has been granted planning approval, providing 400 jobs during construction.

For public housing, the Social Housing Development Programme was set at £162m in 2021/22 for social housing new builds. This would equate to around 1,900 starts and is slightly higher than in 2020/21 where £136m had been allocated.

Plans for the second phase of work on Kings Hall 'Wellbeing Park' in South Belfast have been approved with the project valued at £100m. Construction work from the Belfast Region City Deal, signed in December 2021 with planned investment of more than £850m, would provide a boost to the forecast if it progresses as planned.

The CSN detail for Northern Ireland can be found at the
CSN LMI - Northern Ireland Report



Northern Ireland

Annual average growth rate (AAGR)

↑ 2.5%

Extra workers needed in Northern Ireland by 2026

+ 5,650

Northern Ireland's annual recruitment requirement

+ 1,130

Belfast Transport Hub: Main growth driver

+ £208m

KEY FACTS AND FIGURES

North East

9,250 extra workers needed in North East by 2026.

Growth rate

The volume of construction work in the North East will grow by an AAGR of 2.6%, which is lower than the UK rate of 3.2%. All sectors will see growth over the forecast, with new work being similar to R&M, and most following a pattern of higher growth in the earlier years, which slows down towards the latter years.

While the industrial sector has the highest annual average growth rate at 6.1%, it has a relatively low share of total output. The main gains in output are spread across the private housing, non-housing R&M, commercial, and infrastructure sectors.

Job creation

The level of output growth in the North East gives an annual average increase of 0.7% in the construction workforce, which is very close to the UK figure of 0.8%. The 2021 construction workforce in the region of 95,700 is expected to increase to 96,600 in 2022, before growing to reach an estimate of 99,100 by 2026.

Annual recruitment requirement (ARR)

The annual recruitment requirement in North East is set to average 1.9% per year, based on 2021 workforce levels, which is slightly less than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 1,850 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

Britishvolt's £2.6bn electric car battery factory at Blyth would become the first gigafactory in the UK, when it is expected to commence production in 2023. Also, The Wates Group and Turner & Townsend have been appointed by Envision AESC to lead the design and project manage the build of its £450m advanced car battery gigafactory at the International Advanced Manufacturing Park.

£200m Teesworks Freeport project, has received the first loan of £107m from the UK Investment Bank, and long-term plans for new garden villages proposed at Burtree (2,000 homes) and Skerningham (4,500 homes) will be a boost for the region.

The CSN detail for North East can be found at the
CSN LMI - North East Report

North East

Annual average growth rate (AAGR)

↑ 2.6%

Extra workers needed in North East by 2026

+ 9,250

North East's annual recruitment requirement

+ 1,850

Electric car battery Gigafactory in Blyth

+ £2.6bn

KEY FACTS AND FIGURES

North West

28,450 extra workers needed in North West by 2026.

Growth rate

In the North West, the volume of work will grow by an annual average rate of 2.9%, which is just below the UK rate of 3.2%. All sectors will see growth over the forecast, with new work being just stronger than R&M, and most following a pattern of higher growth in the earlier years, which slows down towards the latter years.

While the industrial sector has the highest annual average growth rate at 5.5%, 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 North West gives an annual average increase of 0.8% in the construction workforce, which is the same as the UK figure. With construction output falling in 2020 and 2021, the region's construction workforce dropped to 270,600 in 2021, however, we're expecting to see it pick up to 274,800 in 2022 and then grow to 281,200 by 2026.

Annual recruitment requirement (ARR)

The average annual recruitment requirement in the North West is set to average 2.1% per year, based on 2021 workforce levels, which is just higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 5,690 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

The JV North consortium's £560m "building back fairer" framework to has targeted the construction of 4,000 new homes in the region, and work has started on the £207m Preston Western Distributor and associated link roads.

A mixed-use brownfield development in Mayfield led by U&I was given the go ahead, with construction beginning at the end of 2020 and finishing in 2022. It will provide 1,500 homes, a 300-bed hotel and 2.3 million square feet of office space, valued at £1.5bn. Another mixed-used development worth £365m has been submitted, in Salford, for the Cotton Quay Scheme.

The Mersey Tidal Power project is set to move into its next phases of planning and would give a boost to the forecast if it goes ahead.

The CSN detail for North West can be found at the
CSN LMI - North West Report

North West

Annual average growth rate (AAGR)

↑ 2.9%

Extra workers needed in North West by 2026

+ 28,450

North West's annual recruitment requirement

+ 5,690

The JV North consortium "building back fairer" framework to deliver new homes

+ £560m

KEY FACTS AND FIGURES

Yorkshire & the Humber

20,950 extra workers needed in Yorkshire & the Humber by 2026.

Growth rate

In Yorkshire & the Humber, the volume of work will grow by an annual average rate of 3.9%, which is above the UK rate of 3.2%. All sectors will see growth over the forecast, with new work slightly stronger than R&M, and most following a pattern of higher growth in the earlier years, which slows down towards the later years. The slight exception is infrastructure which maintains a strong growth rate over the forecast period.

The infrastructure sector has the highest annual average growth rate at 6.3%, closely followed by the industrial sector at 5.8%. With infrastructure having the highest share of work and the highest growth rate, it will make a significant contribution to output growth. However, non-housing R&M and housing R&M work will also make noticeable contributions to growth in the region.

Job creation

The level of output growth in Yorkshire & the Humber gives an annual average increase of 1.1% in the construction workforce, which is higher than the UK figure of 0.8%. The region's workforce dipped slightly to 207,600 in 2021, however, we expect it to pick up to 210,800 in 2022 and then continue to grow to 219,800 by 2026.

Annual recruitment requirement (ARR)

The annual recruitment requirement in the Yorkshire & the Humber is set to average 2.1% per year, based on 2021 workforce levels, which is slightly higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 4,190 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

Major offshore wind farm developments at Hornsea and Dogger Bank and their grid connections are helping to drive infrastructure growth in the region over the forecast period. While 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.

For public non-housing work, Leeds Teaching Hospitals NHS Trust £650m plans for expansion at the Leeds General Infirmary have been given planning permission and work will also start on the first new 'mega-prison' at Full Sutton, near York.

The CSN detail for Yorkshire & the Humber can be found at the **CSN LMI - Yorkshire & the Humber Report**

Yorkshire & The Humber

Annual average growth rate (AAGR)

↑ 3.9%

Extra workers needed in Yorkshire & the Humber by 2026

+ 20,950

Yorkshire & the Humber's annual recruitment requirement

+ 4,190

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

+ 3.7GW

KEY FACTS AND FIGURES

East Midlands

19,350 extra workers needed in East Midlands by 2026.

Growth rate

In East Midlands, the volume of work will grow by an AAGR of 3.2%, which is the same as the UK. All sectors will see growth over the forecast, with new work being stronger than R&M, and most follow a pattern of higher growth in the earlier years, which dips to be closer to the longer-term growth trends, towards the latter years.

The industrial sector has the highest annual average growth rate of 6.7%, however, private housing and infrastructure sectors are forecast to show the largest gains in work.

Job creation

The level of output growth in the East Midlands gives an annual average increase of 0.8% in the construction workforce, again the same as the UK. We expect the 2021 workforce of 168,000 to pick up in 2022 to 169,700 and then grown to reach 174,600 by 2026.

Annual recruitment requirement (ARR)

In East Midlands, the average ARR will be 2.3% per year, based on 2021 workforce levels, which is above the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 3,870 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

Network Rail's Midland Main Line £500m railway upgrade and the estimated £1bn Medium Schemes Framework 4 being tendered by Midlands Highway Alliance Plus 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.

Thousands of homes are being built across Nottinghamshire and plans are in place for a number of new estates. In Fairham Pastures, near East Leake, outline approval has been granted for the construction of around 3,000 new homes as part of a £750m project covering 606 acres.

The CSN detail for East Midlands can be found at the
CSN LMI - East Midlands Report

East Midlands

Annual average growth rate (AAGR)

↑ **3.2%**

Extra workers needed in East Midlands by 2026

+ **19,350**

East Midlands' annual recruitment requirement

+ **3,870**

Medium Schemes Framework 4 being tendered by Midlands Highway Alliance Plus

+ **£1bn**

KEY FACTS AND FIGURES

West Midlands

30,050 extra workers needed in West Midlands by 2026.

Growth rate

In the West Midlands, the volume of work will grow by an annual average rate of 2.8%, which is just below the UK rate of 3.2%. All sectors will see growth over the forecast, with new work being similar to R&M, and most following a pattern of higher growth in the earlier years, which slows down towards the latter years.

While the industrial sector has the highest annual average growth rate at 5.8%, it has a relatively low share of total output. The biggest gains are set to come from the private housing, non-housing R&M , and housing R&M sectors.

Job creation

The level of output growth in the West Midlands gives an annual average increase of 0.8% in the construction workforce, which is the same as the UK figure. The region's construction workforce dropped slightly in 2021 to 226,100, however, we're expecting it to pick up to 229,300 in 2022 and then increase to 235,800 by 2026.

Annual recruitment requirement (ARR)

The annual recruitment requirement in the West Midlands is set to average 2.7% per year, based on 2021 workforce levels, which is higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 8,390 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

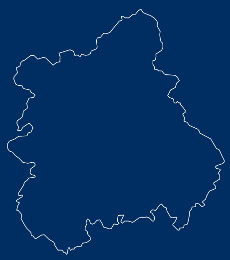
Main growth drivers and contracts

With four major civils contracts with a total value of £12bn signed off, HS2 will be a main driver of work in the West Midlands. The design and construction partner has been appointed for the £570m Birmingham Curzon St station, and the £52m replacement bridge on the Stechford to Aston line, to pave the way for the HS2 approach into Birmingham, is due to complete in late 2022.

Other transport work in the region is the £344m 11km rail extension from Wednesbury to Brierley Hill, which will link with the £24m Dudley Interchange. Construction continues on the £137m Birmingham Eastside extension to Digbeth.

The West Midlands is also set to be one of the main beneficiaries of the first round of levelling up funding, with 10 schemes across the region receiving around £180m.

The CSN detail for West Midlands can be found at the
CSN LMI - West Midlands Report



West Midlands

Annual average growth rate (AAGR)

↑ 2.8%

Extra workers needed in West Midlands by 2026

+30,050

West Midlands's annual recruitment requirement

+6,010

Worth of civils contracts for HS2 signed off

+£12bn

KEY FACTS AND FIGURES

East of England

24,600 extra workers needed in East of England by 2026.

Growth rate

In the East of England, the volume of work will grow by an AAGR of 3.8%, which is higher than the UK rate of 3.2%. All sectors will see growth over the forecast, with new work being stronger than R&M, and most following a pattern of higher growth in the earlier years, which dips to be closer to the longer-term growth trends, towards the latter years.

The exception for growth is the infrastructure sector, which shows an average growth rate of 12.1% over the forecast, more than double other sectors in the region.

Job creation

The level of output growth in the East of England gives an annual average increase of 0.9% in the construction workforce, just ahead of the UK-wide figure of 0.8%. The construction workforce of 270,700 in 2021 is expected this to grow to 277,300 in 2022 before continuing to grow and reach 289,000 by 2026.

Annual recruitment requirement (ARR)

The East of England's average ARR will be 1.9% per year, based on 2021 workforce levels, which is slightly below the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 4,920 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

There are several major infrastructure projects in the region, such as the £1.4bn A14 upgrade; East Anglia One North, Two and Three wind farms; and Sizewell C nuclear new build. There would also be a boost from the Lower Thames Crossing Point.

The private housing sector will benefit from projects such as the planned £300m 2,000-home Brightwell Lakes development in Martlesham Heath, Suffolk, having recently been granted permission.

Work on the 20-year £1bn Stevenage town centre regeneration project (SG1) began in 2019, with the local council hoping to accelerate progress on phase 2 of works. Once complete there will be new restaurants, bars, shops and sports and leisure facilities. More recently, Mace was granted planning permission for a £500m scheme creating five new neighbourhoods, set to provide 1,864 new homes.

The CSN detail for East of England can be found at the
CSN LMI - East of England Report

East of England

Annual average growth rate (AAGR)

↑ **3.8%**

Extra workers needed in East of England by 2026

\+ **24,600**

East of England's annual recruitment requirement

\+ **4,920**

A14 upgrade and the East Anglia Hub wind farms

\+ **£1.4bn**

KEY FACTS AND FIGURES

Greater London

26,000 extra workers needed in Greater London by 2026.

Growth rate

In Greater London, the volume of work will grow by an AAGR of 3.4%, which is higher than the UK rate of 3.2%. 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 earlier years, which dips to be closer to the longer-term growth trends, towards the latter years.

While the industrial sector has the highest annual average growth rate at 5.3%, it has a relatively low share of total output (1%). The biggest gains in output are set to come from the private housing and commercial sectors.

Job creation

The level of output growth in Greater London gives an annual average increase of 0.9% in the construction workforce, which is slightly above the UK rate of 0.8%. The region's workforce of 409,000 in 2021 is expected to pick up to 415,000 in 2022 then continue to grow and reach over 428,000 by 2026.

Annual recruitment requirement (ARR)

The average annual recruitment requirement in Greater London is set to average 1.3% per year, based on 2021 workforce levels, which is less than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 5,200 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

In Greater London there are a number of very large scale/long term developments such as Thamesmead (+£1bn), Brent Cross Town (£7bn) and Old Oak Park (£5bn), that will deliver output for a number of sectors.

Work is ramping up on HS2, which will provide a boost to the infrastructure sector, while the planned restoration and renewal of the Houses of Parliament is another significant project set to commence during the forecast.

Examples of other work are, £300m Salisbury Square Development to build a major court and police complex on Fleet Street; tunnelling is progressing on the six-year £750m London Power Tunnels 2 project; and the Affordable Homes Programme (2021-26) will see London obtain £4bn in funding, over the next five years.

The CSN detail for Greater London can be found at the **CSN LMI - Greater London Report**

Greater London

Annual average growth rate (AAGR)

↑ **3.4%**

Extra workers needed in Greater London by 2026

\+ **26,000**

Greater London's annual recruitment requirement

\+ **5,200**

Very large scale/long term developments such as

\+ **Regeneration of Thamesmead** (£1bn)
Brent Cross Town (£7bn)
Old Oak Park (£5bn)

South East

23,000 extra workers needed in South East by 2026.

Growth rate

In the South East, the volume of work will grow by an annual average rate of 3.4%, which is above the UK rate of 3.2%. All sectors will see growth over the forecast, with new work slightly stronger than R&M, and most following a pattern of higher growth in the earlier years, which slows down towards the latter years.

While the industrial sector has the highest annual average growth rate at 5.9%, it has a relatively low share of total output. The biggest gains in output are set to come from the private housing, housing R&M, and non-housing R&M sectors.

Job creation

The level of output growth in the South East gives an annual average increase of 1.0% in the construction workforce, which is just higher than the UK figure of 0.8%. The region's construction workforce of 381,500 in 2021 is expected to increase to 387,800 in 2022 and then grow to just over 400,000 by 2026.

Annual recruitment requirement (ARR)

The annual recruitment requirement in the South East is set to average 1.2% per year, based on 2021 workforce levels, which is lower than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 4,600 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

There are plans for several major housing garden village/community developments across the South East such as Manydown, Welborne and Aylesbury, through to Ebbsfleet Garden City, the regeneration of the Hoo Peninsula, and Otterpool Park Garden Town.

Approval of plans for the Solent Freeport will also be a boost to construction work as it looks to create high quality employment space, with investment specifically targeted at growth sectors and ground-breaking approaches to decarbonisation.

The CSN detail for South East can be found at the
CSN LMI - South East Report

South East

Annual average growth rate (AAGR)

↑ 3.4%

Extra workers needed in South East by 2026

+ 23,000

South East’s annual recruitment requirement

+ 4,600

Housing development at Manydown in Basingstoke

+ £1.2bn

KEY FACTS AND FIGURES

South West

41,950 extra workers needed in South West by 2026.

Growth rate

In the South West, the volume of work will grow by an annual average rate of 2.5%, which is lower than the UK rate of 3.2%. Nearly all sectors will see growth over the forecast, with R&M slightly stronger than new work, and most following a pattern of higher growth in the earlier years, which slows down towards the latter years. The exception is infrastructure work, where we see a decrease in output as the main construction work at Hinkley Point C ramps down towards the latter part of the forecast.

While the industrial sector has the highest annual average growth rate at 5.3%, it has a relatively low share of total output. The biggest gains in output are set to come from the private housing and housing R&M sectors.

Job creation

The level of output growth in the South West gives an annual average increase of 0.7% in the construction workforce, which is just lower than the UK figure of 0.8%. The region's construction workforce dipped slightly to 237,100 in 2021, however, we expect the workforce to pick up to 240,000 in 2022 and then continue to increase to 245,500 by 2026.

Annual recruitment requirement (ARR)

The annual recruitment requirement in the South West is set to average 3.6% per year, based on 2021 workforce levels, which is higher than the UK figure of 2.0%. This means the construction industry would have to increase current recruitment by 8,390 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

Main growth drivers and contracts

Hinkley Point C nuclear new build is the main new work project in region and reached its halfway point in construction towards the end of 2021. Recent announcements indicate power generation in 2027 which means construction work will ramp down towards the latter years of the forecast. The other main infrastructure project is the A303 upgrade, with work between Sparkford and Ilchester in progress and plans for the section between Amesbury to Berwick Down are under review.

New housing work will be supported by developments such as Taunton Garden Town, China Clay Community Eco-Town and Elms Park, assuming plans are progressed.

The Health Infrastructure Programme in the South West Peninsula's NHS estate, with capital investment of more than £1bn, will support work in the public non-housing sector.

The CSN detail for South West can be found at the
CSN LMI - South West Report

South West

Annual average growth rate (AAGR)

↑ 2.5%

Extra workers needed in South West by 2026

+ 41,950

South West's annual recruitment requirement

+ 8,390

Hinkley Point C nuclear new build

+ £25bn

KEY FACTS AND FIGURES

For more information about the Construction Skills Network, contact:

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