

CONSTRUCTION SKILLS NETWORK

Labour Market Intelligence Report



Yorkshire & the Humber

5-year outlook 2022-2026

YORKSHIRE & THE HUMBER

The volume of construction work in Yorkshire & the Humber will grow above the UK forecast of 3.2% by an annual average rate of

↑ **3.9%**

Fastest sector rate of growth expected for

↑ **Infrastructure**
Private Housing
Repair and Maintenance

↑ **Other construction professionals and technical staff** (1,260 per year)
Plasterers (380 per year)
Non-construction professional, technical, IT, and other office-based staff (320 per year)

Major projects in the Yorkshire & the Humber include

+ **Offshore wind farm developments and grid connections for Hornsea and Dogger Bank** (3.7GW)

Leeds City Village
(1,000 homes)
New train factory at Goole (£200m)

KEY INFORMATION

The annual recruitment requirement in Yorkshire & the Humber of 2.1% per year is slightly above the UK figure of 2.0% and means an extra 20,950 workers will be needed from 2022 to 2026.



UK Macroeconomic backdrop

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 has 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 to 2021 in response to the rapidly increasing numbers of Covid-19 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. In January 2022 GB monthly construction output had increased by 1.6% to £14.6bn, which was the highest monthly output figure since February 2020. 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.

Although the macroeconomic pressures will undoubtedly have an impact on construction work as aggregate demand weakens in the short to medium-term, we still see the greatest challenge the construction industry faces over the next five years being the recruitment of sufficient numbers of people to fill the growing number of vacancies.

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, to put it bluntly, the workers aren't available; they have left industry through retirement, emigration, or choice.

To prepare for growth, the industry must consider recruiting from a wider and more varied range of sources while approaches to recruitment need to adapt to help construction companies attract from as wide a base of potential workers as possible. Without the workers and skills required, industry will be unable to capitalise on the growth opportunities that are identified in the 2022-2026 Outlook to build the volume of homes the country needs, construct the infrastructure to ensure the economy thrives and retrofit our built environment to meet net zero targets.

Early indicators suggest that the economy will face a mixed start to 2022.

Structure

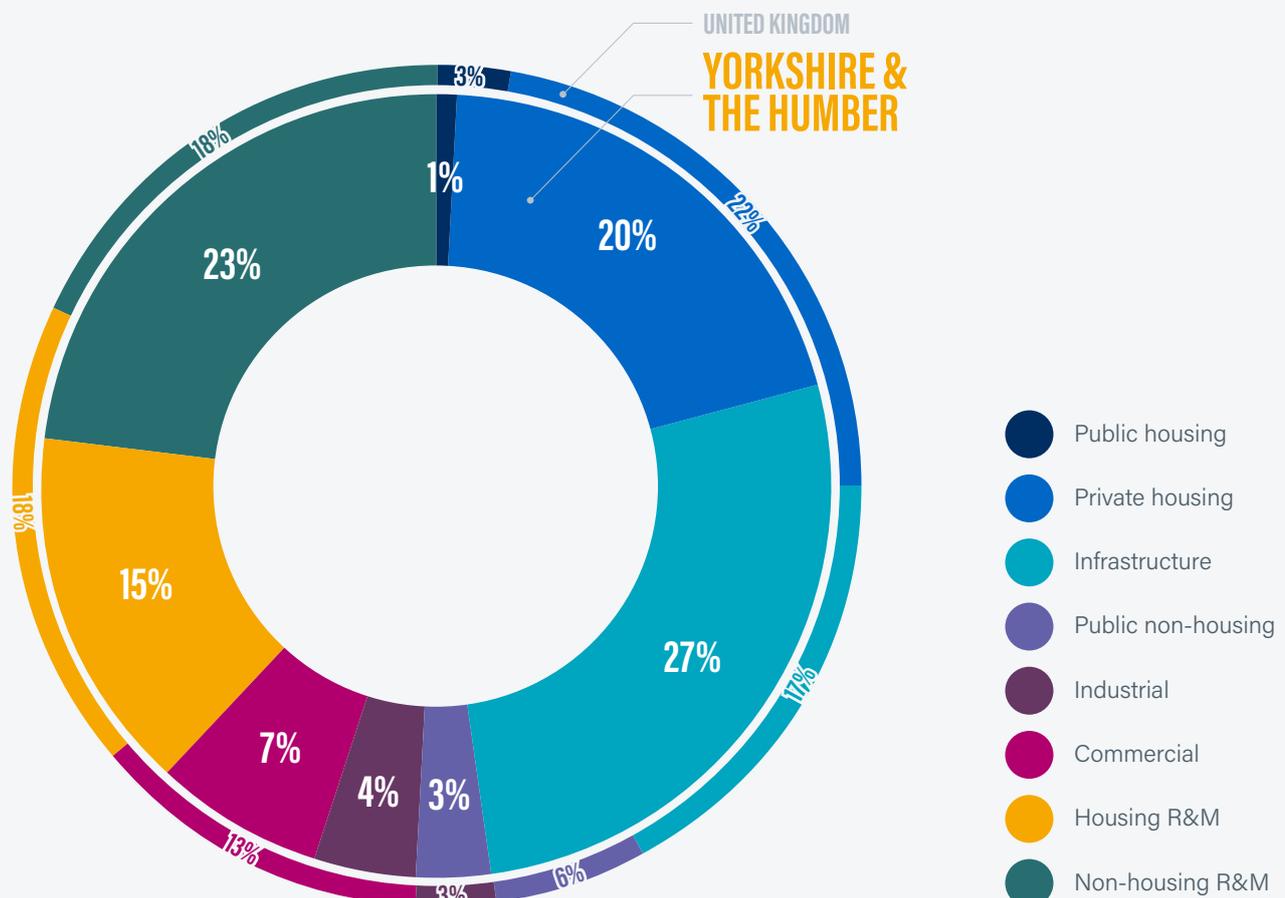
The profile of the construction industry in Yorkshire & the Humber has two obvious differences to the UK profile, with higher shares of infrastructure and housing repair and maintenance (R&M) work.

Infrastructure is the strongest sector in the region, accounting for 27% of total work, noticeably higher than the UK share of 17%, with non-housing R&M following at 23%. Combined, these two sectors accounted for half of the total 2021 output in Yorkshire & the Humber.

Infrastructure is the strongest sector in the region, accounting for

27%

CONSTRUCTION INDUSTRY STRUCTURE 2021 YORKSHIRE & THE HUMBER VS UK



2021 view

Total annual output 2021

£13.9bn

Total estimated output 2022

£14.6bn



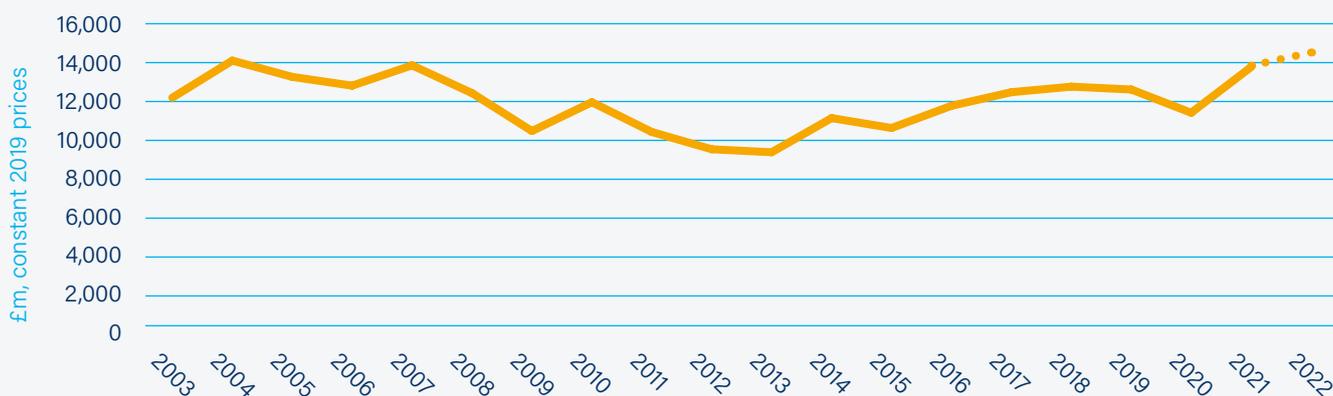
Going in to 2021, output in the region had fallen by 1% in 2019 and then a further 9% in 2020. The recovery in 2021 has been noticeably stronger in Yorkshire & the Humber with output increasing by 20%, compared to 13% for the UK.

2021 view

This was due to very strong performance in the infrastructure and non-housing R&M work with both showing growth well above comparable UK levels. Across the other sectors, there was growth, apart from public housing and commercial where there were further falls in output. This means that 2021 output was 9% higher than the levels seen in 2018 and 2019, and we're forecasting that with continuing growth the region will be heading back towards the output levels seen in 2008.

CONSTRUCTION OUTPUT 2003 - 2020 YORKSHIRE HUMBER

Source: ONS
Ref: CSN explained, Section 4: Note 1



Output forecast 2022 - 2026

In Yorkshire & the Humber, the volume of work will grow by an annual average rate of 3.9%, which is above the UK rate. 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. 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, it is set to contribute more than £1,300m to output growth, whereas the industrial sector, with a lower share of total output would add about £180m. Non-housing R&M (+£510m) and housing R&M (+£280m) sectors will also make a noticeable contributions to output growth in the region.

Infrastructure has the highest annual average growth rate at

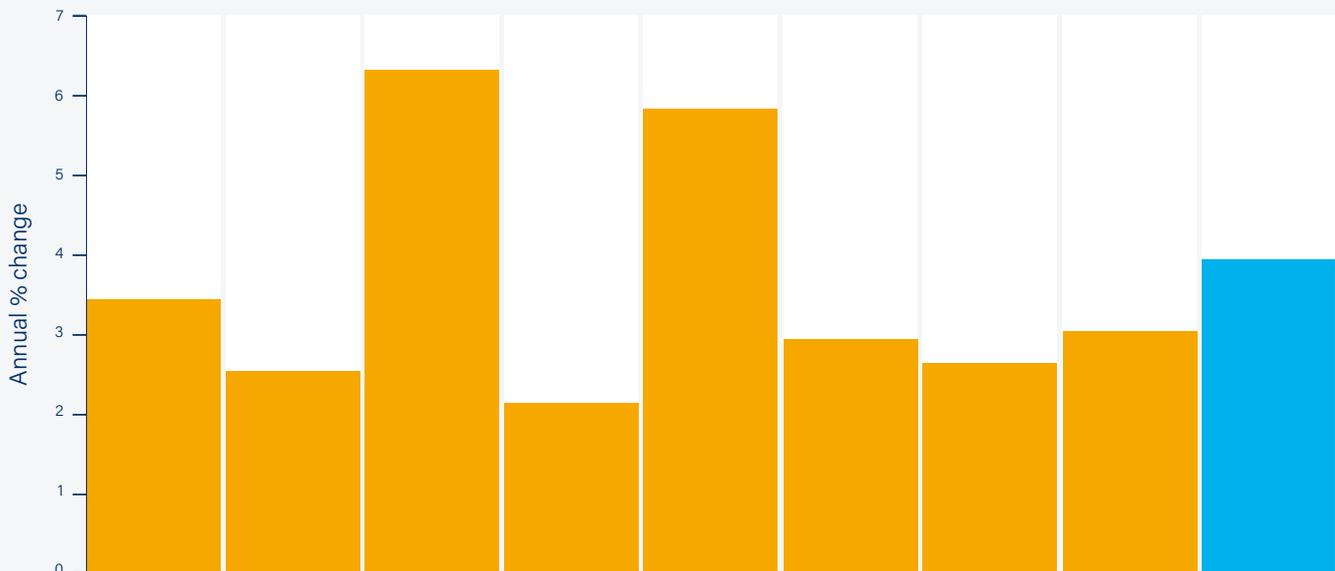
6.3%

Forecast

ANNUAL AVERAGE OUTPUT GROWTH BY SECTOR 2022-2026 YORKSHIRE & THE HUMBER

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

Public housing	Private housing	Infrastructure	Public non-housing	Industrial	Commercial	Housing R&M	Non-housing R&M	Total work
3.4%	2.5%	6.3%	2.1%	5.8%	2.9%	2.6%	3.0%	3.9%



CONSTRUCTION OUTPUT - YORKSHIRE & THE HUMBER (£ MILLION, 2019 PRICES)

	Actual 2021	Forecast (Annual % change, real terms)					Annual average 2022-2026
		2022	2023	2024	2025	2026	
Public housing	133	3.6%	2.1%	5.0%	3.2%	3.2%	3.4%
Private housing	2,794	2.4%	3.4%	3.2%	1.8%	1.6%	2.5%
Infrastructure	3,730	7.7%	4.2%	7.0%	6.7%	5.9%	6.3%
Public non-housing	444	-3.0%	3.3%	5.5%	2.0%	3.0%	2.1%
Industrial	564	20.6%	4.4%	4.8%	0.2%	0.2%	5.8%
Commercial	970	1.8%	5.0%	2.0%	3.2%	2.8%	2.9%
New work	8,635	5.6%	4.0%	5.0%	4.0%	3.7%	4.5%
Housing R&M	2,052	6.9%	3.4%	2.3%	-0.2%	0.8%	2.6%
Non-housing R&M	3,167	3.6%	4.6%	2.3%	2.9%	1.9%	3.0%
Total R&M	5,219	4.9%	4.1%	2.3%	1.7%	1.4%	2.9%
Total work	13,854	5.3%	4.0%	4.0%	3.2%	2.9%	3.9%

The annual average growth rate is the rate of growth between the end of 2021 and the end of 2026, i.e., five-year period.

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

In the industrial sector, Siemens appointed Mace to support the construction of a £200m train factory in Goole, East Yorkshire.

Infrastructure (particularly renewables) has a strong presence in the region, helping to drive infrastructure growth, with Hornsea 2 is on plan to complete installation in 2022. Construction is underway onshore for the £2bn Dogger Bank A, with offshore foundations planned to start in Q2 2022, and offshore construction of the two 1.2GW Dogger Bank B and C projects is scheduled to start sequentially from 2023 and be complete by 2025 and 2026 respectively.

GMI Construction Group is well on with delivering the £35 million contract, as it aims to handover to Siemens in 2022. The development, which is situated on a 104-acre site close to junction 36 of the M62 motorway will include approximately 860,000 square feet of manufacturing space, warehouse buildings and stabling sidings, in addition to a four-storey office building of 54,000 square feet.

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 output, Leeds Teaching Hospitals NHS Trust plans for expansion at the Leeds General Infirmary have been given planning permission. Work is currently underway to carry out demolition of old buildings, tearing down two wings of the hospital, with this work set to complete in the autumn. The project involves the construction of two new buildings on the site of the Old Nurses' home, at the cost of £650m. Planned completion is currently 2025.

Work will also start on the new 'mega-prison' at Full Sutton, near York, which is the first of four to be built.

GMI Construction Group is well on with delivering the contract worth

+ **£35m**

Leeds general Infirmary expansion planned at

+ **£650m**

Workforce forecast

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%. Although construction output in Yorkshire & the Humber recovered well, when compared to the UK, the region's workforce has followed a similar trend to the UK workforce. In 2020 Yorkshire & the Humber saw a drop in the workforce of just over 3% to 208,500, which dipped slightly to 207,600 in 2021. In 2022 we expect the workforce to pick up to 210,800 and then continue to grow to 219,800 by 2026.

TOTAL WORKFORCE BY OCCUPATION - YORKSHIRE & THE HUMBER

	Actual	Estimate	Forecast	
	2020	2021	2022	2026
Senior, executive, and business process managers	11,600	10,300	10,400	11,000
Construction project managers	3,600	3,300	3,300	3,500
Other construction process managers	16,300	15,000	15,400	16,000
Non-construction professional, technical, IT, and other office-based staff	32,500	34,300	34,000	34,300
Construction trades supervisors	3,300	3,000	3,200	3,300
Wood trades and interior fit-out	19,700	20,800	20,800	21,200
Bricklayers	6,300	6,700	6,700	6,600
Building envelope specialists	7,600	8,100	8,200	8,800
Painters and decorators	6,100	6,400	6,500	6,700
Plasterers	6,300	5,800	5,800	6,000
Roofers	4,800	4,400	4,700	5,000
Floorers	2,000	2,100	2,100	2,200
Glaziers	3,200	3,000	3,100	3,300
Specialist building operatives nec*	4,400	4,600	4,600	4,700
Scaffolders	2,100	1,900	2,000	2,200
Plant operatives	1,300	1,200	1,100	1,300
Plant mechanics/fitters	3,400	3,100	3,200	3,400
Steel erectors/structural fabrication	2,500	2,400	2,600	2,800
Labourers nec*	6,600	6,900	7,000	7,300
Electrical trades and installation	13,800	14,500	14,900	16,300
Plumbing and HVAC Trades	13,400	14,100	14,200	14,400
Logistics	1,500	1,400	1,400	1,600
Civil engineering operatives nec*	3,000	2,700	2,900	3,200
Non-construction operatives	4,800	5,000	5,000	5,100
Total (SIC 41-43)	180,100	180,700	183,200	190,200
Civil engineers	3,900	3,600	3,800	4,200
Other construction professionals and technical staff	17,700	16,200	16,500	17,200
Architects	600	500	500	600
Surveyors	6,200	6,600	6,800	7,600
Total (SIC 41-43, 71.1, 74.9)	208,500	207,600	210,800	219,800

Workforce covers construction contracting, SIC 41, 42 & 43 along with supporting technical and professional workers in SIC 71 and 74.9

* Not elsewhere classified

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

Annual Recruitment Requirement (ARR)

The average annual recruitment requirement in Yorkshire & the Humber 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 4,190 new workers each year to deliver the expected work between the start of 2022 and end of 2026.

The following occupations have some of the strongest recruitment requirement values:

- **Other construction professionals and technical staff** (1,260 per year)
- **Plasterers** (380 per year)
- **Non-construction professional, technical, IT, and other office-based staff** (320 per year).

Other construction professionals and technical staff will be in demand as they also have a high requirement relative to the workforce, at 7.8% compared to the overall figure of 2.1%. There will also be demand on plasterers (6.6%), floorers (4.9%), and civil engineering operatives (4.1%), where demand is high compared to their workforce level. For occupations that have no ARR value on the table, indication is that recent levels of recruitment will be able to meet future need if they are maintained.

ANNUAL RECRUITMENT REQUIREMENT BY OCCUPATION - YORKSHIRE & THE HUMBER

	ARR as % of 2021 workforce	ARR value per year
Senior, executive, and business process managers	2.3%	240
Construction project managers	4.0%	130
Other construction process managers	1.2%	180
Non-construction professional, technical, IT, and other office-based staff	0.9%	320
Construction trades supervisors	2.0%	60
Wood trades and interior fit-out	1.4%	300
Bricklayers	1.9%	130
Building envelope specialists	1.5%	120
Painters and decorators	-	<50
Plasterers	6.6%	380
Roofers	1.1%	50
Floorers	4.9%	100
Glaziers	-	<50
Specialist building operatives nec*	-	-
Scaffolders	-	-
Plant operatives	-	-
Plant mechanics/fitters	3.2%	100
Steel erectors/structural fabrication	3.4%	80
Labourers nec*	1.0%	70
Electrical trades and installation	1.6%	230
Plumbing and HVAC Trades	-	-
Logistics	-	<50
Civil engineering operatives nec*	4.1%	110
Non-construction operatives		
Total (SIC 41-43)		2,600
Civil engineers	2.2%	80
Other construction professionals and technical staff	7.8%	1,260
Architects	-	-
Surveyors	2.7%	180
Total (SIC 41-43, 71.1, 74.9)	2.1%	4,190

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Note: figures may not sum to totals due to rounding

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

When looking at the workforce and ARR forecast it is important to note that in 2021, Yorkshire & the Humber saw a strong increase in construction job vacancies, with companies having difficulty in finding suitably skilled workers. This has led to skills shortages being reported over a range of occupations and wage rates increasing as companies look to attract workers. While there are indications of a drop in construction vacancies towards the end of 2021, levels are still higher than what was seen before the impact of Covid-19.

The ARR was developed to give a forward-looking view of where extra recruitment demand is needed, therefore it takes account of existing trends, such as the movement of people into and out of the construction industry that we'd expect to happen, although on an annual basis. Recruitment to fill vacancies would be one aspect of movement of workers into the industry, however, companies can look to fill this through several routes.

Companies can:

- Attract skilled workers who are already working elsewhere in the construction industry, although this obviously moves existing workers around rather than meet overall industry need
- 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/inactive
- Attract and train new entrants into the workforce from those leaving school, further education, or higher education
- Improve the retention of workers within the industry
- Look at how productivity can be improved.

3 MONTH MOVING AVERAGE OF CONSTRUCTION VACANCIES, YORKSHIRE & THE HUMBER

Source: EMSI Burning Glass, selected construction occupations, Yorkshire & the Humber



The response to skills shortages is likely to be a mix of these options, however, there are some challenges. The strength of the jobs market, certainly in the short to medium term, and relatively low levels of unemployment means that there will be increased competition for workers. Companies that are able to understand and meet what workers value the most are the ones that 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. Construction companies in Yorkshire & the Humber will be facing the issues identified in CITB's recently published *Rethinking Recruitment*, which highlights some of the challenges and how to support construction companies in overcoming them.

There are also recent trends in training to consider, with a CITB survey showing

a GB wide drop in employer training, which was expected with the impact of Covid-19, along with recent figures on GB apprenticeship starts and wider vocational training being around 12% - 14% lower at the end of 2020/21 compared to 2018/19.

The trends for construction training in England have followed this pattern. For apprenticeships there was a 3% drop in starts for 2019/20 when compared to 2018/19, and in 2020/21 this dropped by a further 9%. This means that construction starts in 2020/21 starts were just over 11% down on 2018/19 figures, however, recent England data for Q2 2021/22 shows 20,500 starts, which is back to levels seen in earlier years.

Yorkshire & the Humber has seen a different, and more positive pattern, compared to other areas of England. Starts in 2019/20 had a very marginal drop of less than 1% and in 2020/21, they increased by nearly 5%. This means that while 2020/21 starts in England were 11%

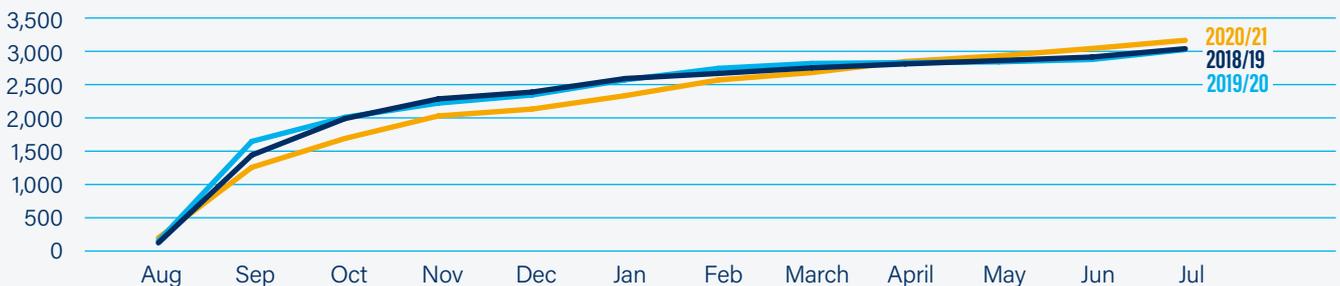
lower than 2018/19 levels, in Yorkshire & the Humber they were up by just over 4%, which is a strong performance in two difficult years.

For learners achieving construction qualification in England, there was a 19% drop in achievements in 2019/20, which has picked back up in 2020/21, although not to the level seen in 2018/19. In contrast to apprenticeships, FE learners in Yorkshire & the Humber have shown a similar pattern with a drop in 2019/20, that hasn't quite picked up to levels in prior years during 2020/21.

While apprenticeship trends in Yorkshire & the Humber are positive, compared to England, the trend in FE achievers is still down on pre-covid levels. With increasing demand for workers shown by the ARR and a high level of vacancies being posted, it indicates that there is still progress to be made to get construction training to a level that meets current and future demand in the region.

YORKSHIRE & THE HUMBER, CUMULATIVE MONTHLY APPRENTICESHIP STARTS, CONSTRUCTION, PLANNING AND THE BUILT ENVIRONMENT SECTOR SUBJECT AREA, 2018/19 - 2020/21

Source: Department for Education



CONSTRUCTION SECTOR QUALIFICATION ACHIEVEMENTS, LEVEL 2+, YORKSHIRE & THE HUMBER 2017/18 - 2020/21

Source: Department for Education



CITB support to industry in England

CITB England will continue to support industry through various initiatives in 2022.

CITB is therefore looking at a range of actions that will help to support construction companies to invest in training by helping to protect apprenticeships, using targeted funding for skills priorities, helping businesses to identify training needs and ensuring that standards are in place for the required training. Examples of this are the Apprenticeship Toolkit that was launched in February providing information that helps companies to know about the

process of hiring an apprentice, and how CITB can help; and the Onsite Experience hubs, designed to provide a one-stop recruitment solution for construction employers. More details on CITB's actions are set out in the 2022-2023 Business Plan.

Overcoming skills shortages in a more competitive labour market with increasing demand for construction workers will require combined action

from CITB, construction companies and government. Without this, the construction industry will not be able to capitalise on the growth opportunities identified in the 2022-2026 Outlook to build the volume of homes the country needs, the infrastructure to ensure the economy thrives and retrofit our built environment to meet net zero targets.

Targeted funding for skills priorities, helping businesses to identify training needs and ensuring that standards are in place for the required training.

Regional breakdown within England

Click on a region below to view the list of Local Authority Districts within that area.

North East

North West

Yorkshire & the Humber

East Midlands

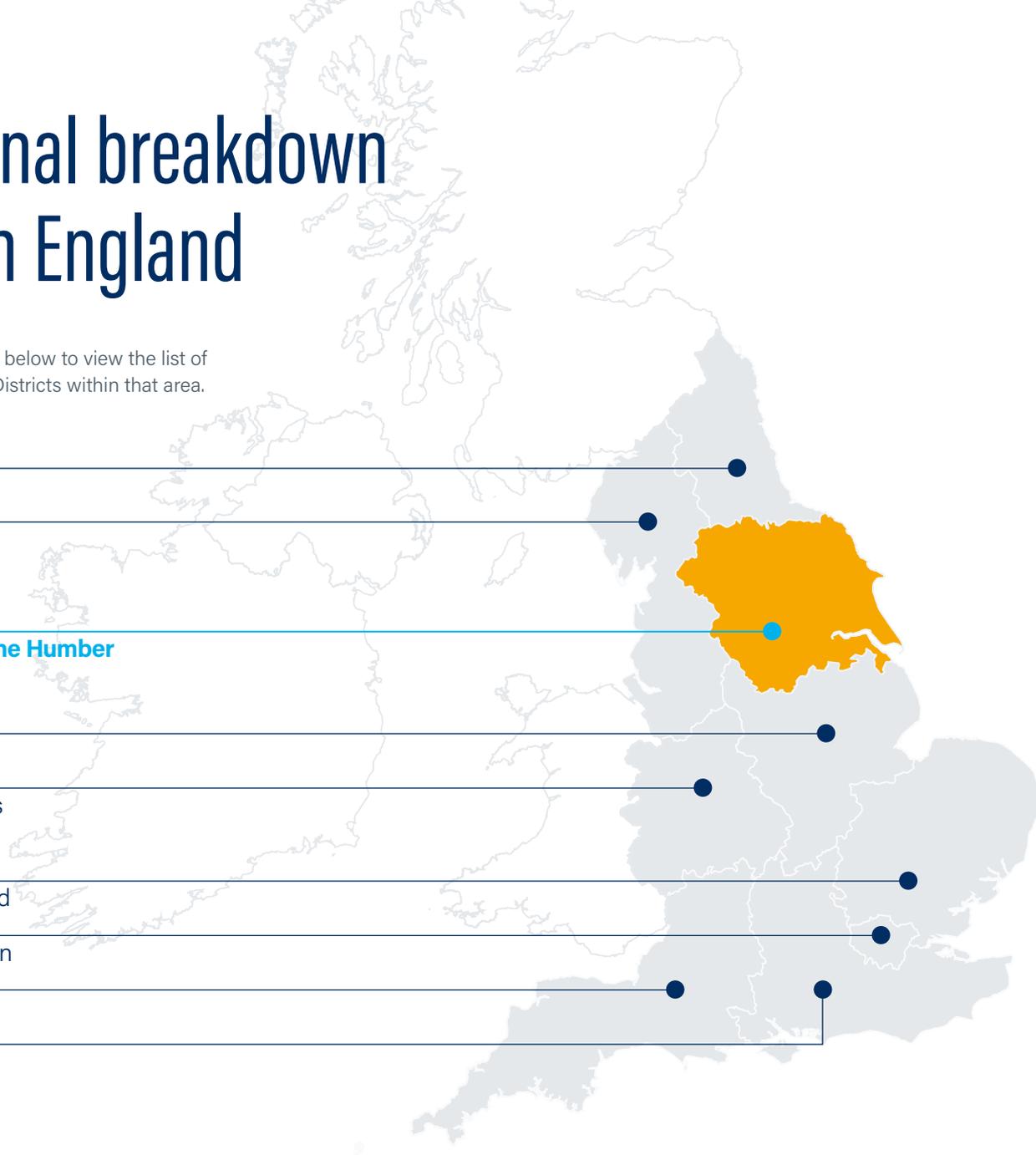
West Midlands

East of England

Greater London

South West

South East



Yorkshire & the Humber

Barnsley
Bradford
Calderdale
Craven
Doncaster
East Riding of Yorkshire
Hambleton
Harrogate
Kingston upon Hull, City of
Kirklees
Leeds

North East Lincolnshire
North Lincolnshire
Richmondshire
Rotherham
Ryedale
Scarborough
Selby
Sheffield
Wakefield
York



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