



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

**LABOUR MARKET
INTELLIGENCE REPORT**

**EAST MIDLANDS
2024-2028**



KEY FACTS AND FIGURES



The volume of construction work in the East Midlands will grow by an annual average rate of

1.9%¹



The biggest gains in output will come from these sectors:

REPAIR & MAINTENANCE

PUBLIC NON-HOUSING

INFRASTRUCTURE



¹ Five year growth rate from the end of 2023 to end of 2028



The occupations with the strongest additional recruitment requirement levels are:

Non-construction professional and technical office-based staff

Labourers

Painters and decorators

Main projects in the East Midlands include:

£105m

70 bed NHS rehabilitation facility due to open in 2025.

£1.5bn

Continued work on the Midland Mainline electrification upgrade.

EAST MIDLANDS



The additional recruitment requirement in the East Midlands of 1.8% per year is marginally lower than the UK value of 1.9% and means an extra 17,500 workers will be needed in the region from 2024 to 2028. ■



UK MACROECONOMIC BACKDROP

In 2023, UK GDP is estimated to have increased by only 0.1% compared with 2022 as the economy went into a mild recession in the second half of 2023, with two consecutive quarters of contraction (-0.1% in 2023Q3 and -0.3% in 2023Q4). **However, there are strong signs that the recession isn't likely to continue into 2024 with monthly GDP data showing a 0.2% rise in January.**

February's UK Purchasing Managers' Index (PMI) adds to evidence that economic activity is improving with the composite index recording a fourth consecutive month of expanding activity and confidence.

The index registered 53.0 in February, marginally above the 52.9 reading for January. The service sector was the main driver within the composite index following another month of expanding business activity, and a confirmed services PMI reading of 53.8 in February.

There was an improvement in the construction sector PMI registering 49.7 in February, up from 48.8 in January on the back of new business growth and a pick-up in order books, which was the first rise reported since July 2023. Unfortunately, the manufacturing sector continues to struggle, reporting a nineteenth consecutive PMI reading below 50.0 at 47.5 in February.

Consumer confidence had been trending upwards in recent months, adding to the picture of improving economic activity. However, GfK's consumer confidence index headline score of -21 in February, was slightly down from -19 in January, marking the

first fall in four months and highlighting how the recent mix of economic news is affecting consumer confidence. The reduction in inflation will be a factor in helping consumer confidence. In February 2024, monthly Consumer Price Inflation, including housing costs (CPIH) was 3.8%, significantly down from 9.2% in February 2023, with expectation of further drops to come due to falling energy bills. Looking forward, we expect inflation to continue to drop as we progress through 2024, reaching the Bank of England's 2.0% target by the middle of the year.

ALTHOUGH THERE ARE POSITIVE SIGNS OF ECONOMIC GROWTH, THE WIDESPREAD VIEW IS THAT IT WILL BE 2025 BEFORE THE PACE PICKS UP

The number of vacancies being advertised continues to reduce, having peaked at 1.3million in the first half of 2022, there are now just over 900,000 (Dec 2023–Feb 2024). While this is a sign that the labour market appears to be cooling, vacancy levels are still higher than those seen in 2019/2020 before the pandemic, where there were around 820,000 vacancies. Slowing wage growth is another indicator of a generally cooling labour market, however, there is still an unusual

tightness in the labour market that is creating upwards pressure on wages. The employment rate for 16-64 years olds remains around 75%, with unemployment staying low at 3.9%, while inactivity is relatively high at 21.8%. The inactivity level means approximately 9.2 million people are absent from the labour force, which is 700,000 more than pre-pandemic levels, with long-term illness being one of the main reasons.

Although there are positive signs of economic growth, the widespread view is that it will be 2025 before the pace picks up. The economic outlook published by the Office for Budget Responsibility (OBR) in March 2024 forecasts GDP growth to pick up by 0.8% in 2024, increasing to around 2.0% in 2026, then settling down to around 1.8% in 2027 and 2028. While the outlook for the UK economy in 2024 is improving, we are not yet in a position of strong economic growth.

Recruiting and developing the workforce for the future is still a key challenge for the industry to overcome and make the most of the growth opportunities such as building the volume of homes the country needs, the infrastructure for energy and transport, and retrofitting the built environment to meet net zero targets. ■

STRUCTURE



The construction industry in the East Midlands has 13,920 employers, **which is 14% of all employers in the region.**

Private housing sector:

25%

In 2023, the construction industry in the East Midlands is estimated to have total output of around £11.3bn, which is structured as per Figure 1 (below).

The profile of the construction industry in the East Midlands includes a high share of private housing work, which is the strongest sector in the region, accounting for 25% of total work.

Housing and non-housing R&M sectors follow, each at 17%, with total R&M work accounting for 34% of the regions 2023 output. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 EAST MIDLANDS

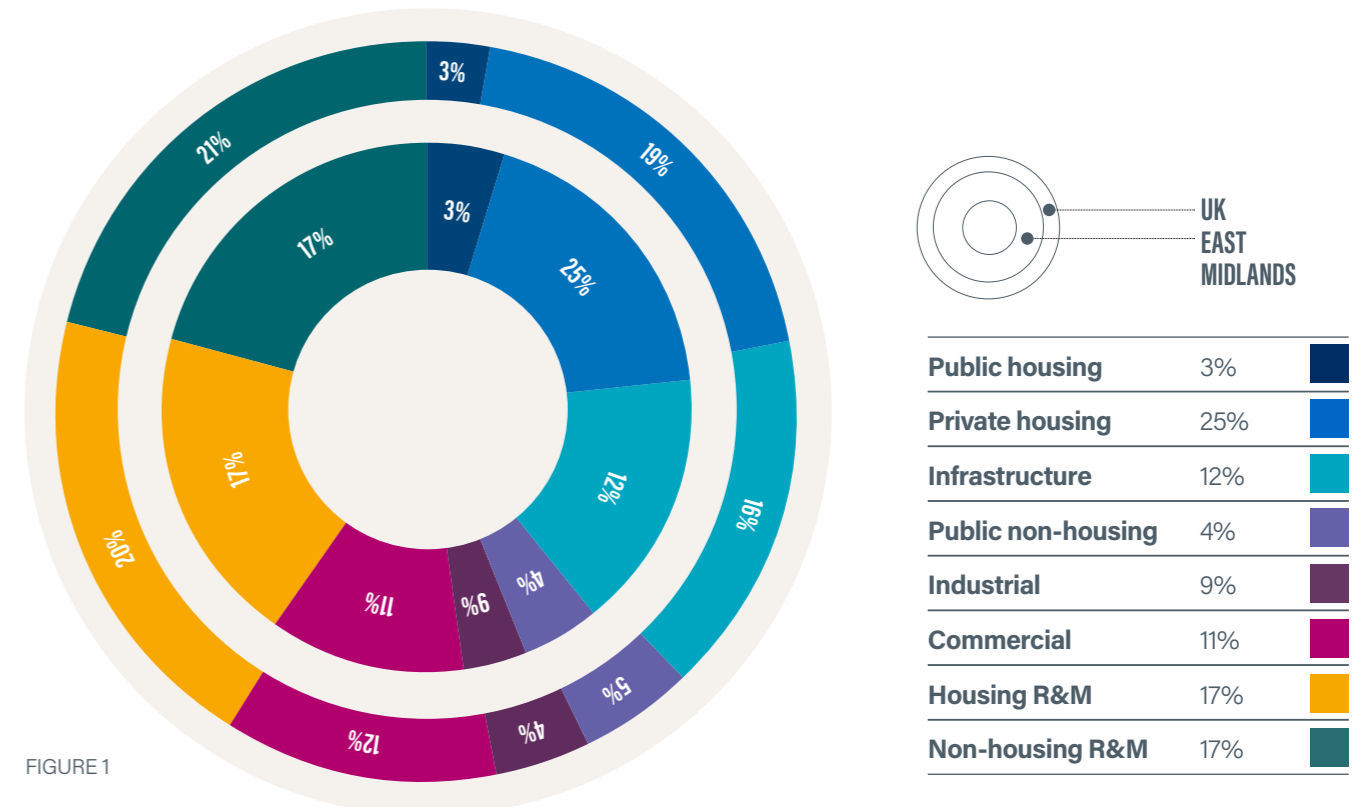



FIGURE 1

2023 VIEW

Total annual output 2023: 
£11.3bn




Growth in non-housing R&M work: 
£325m

The East Midlands experienced only marginal growth in 2022. Output growth in 2023 was much more positive increasing by almost 10%, which is significantly above the UK figure of 2% and putting the value of output at £11.3bn. 

Growth was mainly due to an increase in non-housing R&M work, which grew by almost £325m. 

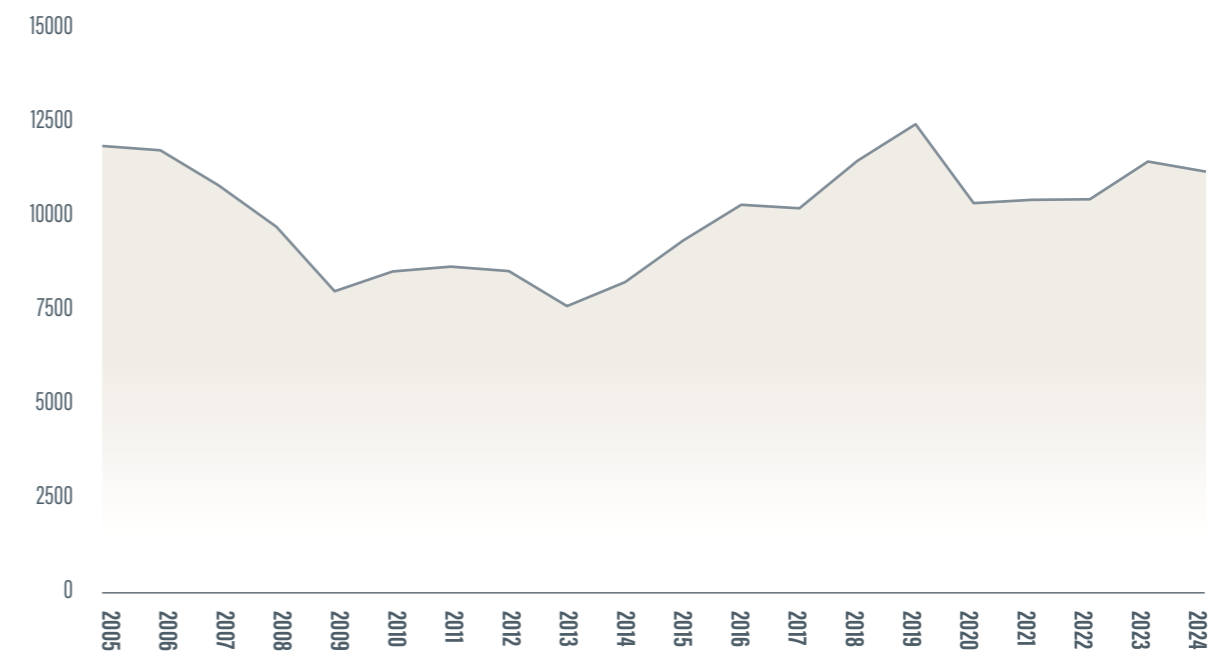
New work also had significant contributions with strong output growth from both public housing (+£300m) and infrastructure (+£220m) sectors. 

Following a positive year of growth, we expect output to reduce in 2024 by approximately 2.4%, led by a slowdown in private housing and industrial sectors. 

CONSTRUCTION OUTPUT (£M) 2005-2024 EAST MIDLANDS

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

FIGURE 2



OUTPUT FORECAST 2024-2028

East Midlands has an average annual output growth rate of 1.9%, which is below the UK rate of 2.4%. The East Midlands is expected to show a strong performance in the R&M sectors during 2024 and then continue a steady rate of growth to 2028. New work in the region is expected to see a sizable reduction in output during 2024,

before recovering with a 5.2% increase in output in 2025 and then stabilising at around 3% growth per year for the remainder of the forecast period. These patterns are like what we expect to see across the UK.

In terms of new work in the East Midlands, the sectors with the highest growth rates are public non-housing (2.9%) and infrastructure (2.6%).

However, it is the R&M sectors that will generate the main gains, with an increase of £300m in housing R&M and £230m in non-housing R&M over the next five years.

Though 2024 looks to be a tough year for private housing and industrial sectors in the region, both sectors will see some growth, albeit marginal (1%), over the 5-year outlook. ■

FORECAST

There are a number of projects driving the forecast in the region.

For the infrastructure sector, work continues on the £1.5bn Midland Mainline electrification upgrade, with phase 3 valued at £500m and concentrating on the 155km stretch of track from Market Harborough to Sheffield.



Fairham Pastures:

£750m



NHS rehabilitation facility :

£105m

The East Midlands Freeport's (EMF) three sites continue to attract investment in zero carbon technology, energy hubs, rail-logistics infrastructure and modern manufacturing. This benefits construction output over a number of sectors such as industrial, commercial and infrastructure.

Public non-housing work is supported by a £105m, 70 bed NHS rehabilitation facility set to be built on the Stanford Hall Rehabilitation Estate, which is due to open in 2025.

In the housing sector, major developments like the £750m, 3,000 home development at Fairham Pastures, near Clifton

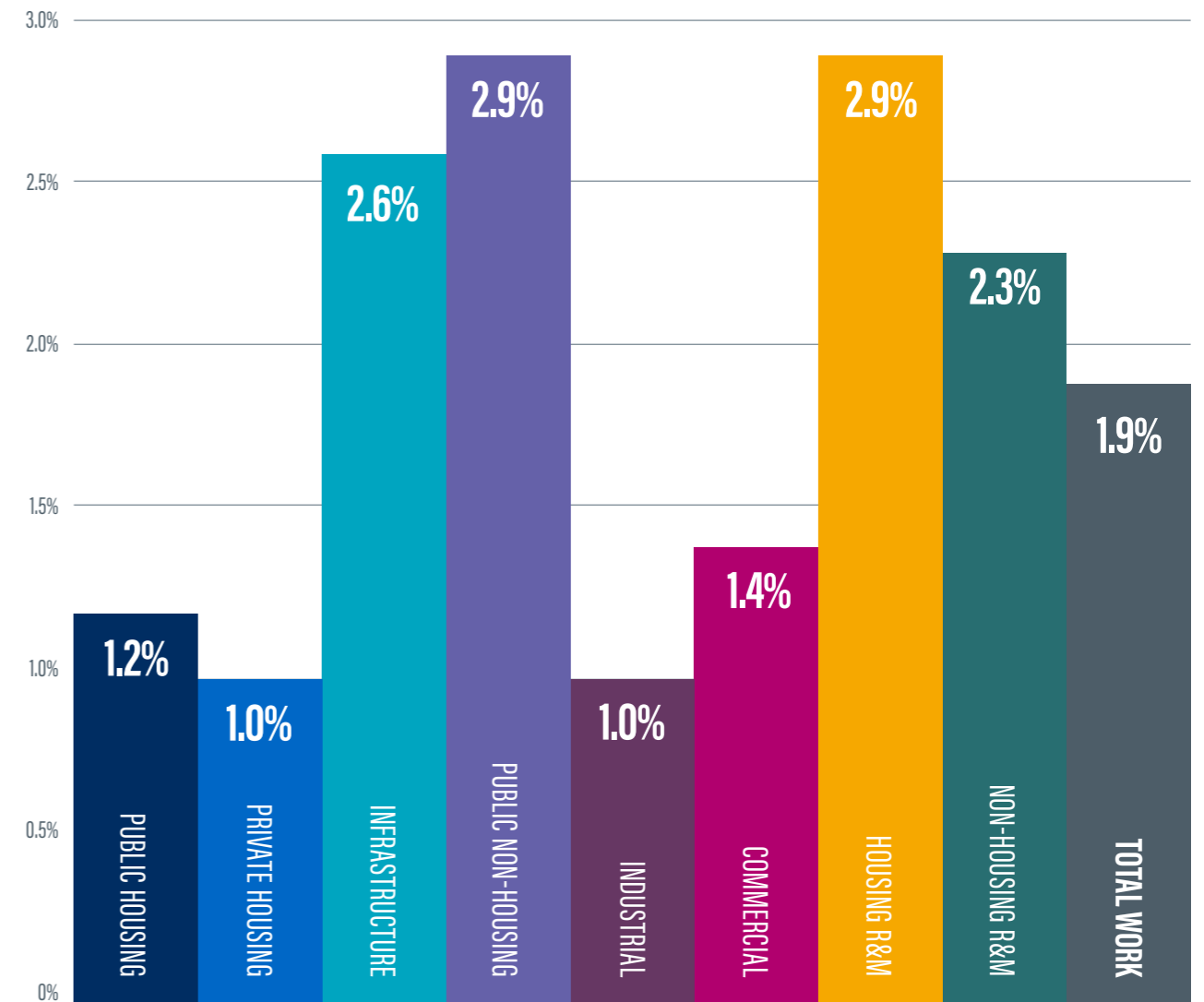
in Nottinghamshire, along with plans by local authorities like, North Kesteven, Wellingborough, Charnwood, Corby, Daventry, South Kesteven, Corby, Wellingborough, and West Lindsey, which could result in over 60,000 new homes being built. ■

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028

EAST MIDLANDS

FIGURE 4

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



CONSTRUCTION OUTPUT — EAST MIDLANDS (£ MILLION, 2019 PRICES)

FIGURE 3

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
	2023	2024	2025	2026	2027	2028	2024-2028
Public housing	562	-3.6%	1.4%	2.8%	2.9%	2.4%	1.2%
Private housing	2,832	-12.2%	9.7%	2.3%	3.1%	3.4%	1.0%
Infrastructure	1,344	-1.2%	3.6%	4.1%	3.5%	3.2%	2.6%
Public non-housing	494	3.1%	3.4%	3.0%	2.6%	2.3%	2.9%
Industrial	1,025	-7.4%	2.0%	4.2%	3.7%	3.3%	1.0%
Commercial	1,270	-1.3%	2.6%	2.2%	1.9%	1.8%	1.4%
New work	7,527	-6.1%	5.2%	2.9%	3.0%	2.9%	1.5%
Housing R&M	1,909	5.0%	1.8%	2.5%	2.7%	2.7%	2.9%
Non-housing R&M	1,908	5.1%	1.6%	1.7%	1.7%	1.5%	2.3%
Total R&M	3,816	5.0%	1.7%	2.1%	2.2%	2.1%	2.6%
Total work	11,343	-2.4%	3.9%	2.6%	2.7%	2.7%	1.9%

WORKFORCE FORECAST²

Average annual increase of construction workforce: **0.3%**

The level of output growth in the East Midlands gives an annual average increase of 0.3% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 191,210 in the region will decrease down to 184,480 in 2024 before increasing to reach 193,900 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.³

FIGURE 5

TOTAL EMPLOYMENT BY OCCUPATION – EAST MIDLANDS	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	20,300	19,080	18,520
Construction project managers	2,830	2,660	2,600
Non-construction professional and technical office based staff	20,630	19,550	19,200
Other non-construction office-based staff	20,470	19,470	19,620
Construction trades supervisors	3,000	3,080	3,170
Carpenters and joiners	10,320	10,540	11,450
Bricklayers and masons	6,560	6,600	7,200
Other construction and building trades	12,540	12,720	14,230
Painters and decorators	4,750	4,760	5,280
Plasterers	3,840	3,540	3,740
Roofers	3,100	3,000	3,240
Floorers and wall tilers	2,600	2,590	2,860
Glaziers and window trades	1,230	1,250	1,420
Scaffolders	1,570	1,530	1,640
Plant operatives	3,690	3,430	3,610
Plant mechanics/fitters	3,720	3,440	3,540
Steel erectors and metal workers	1,680	1,690	1,890
Labourers	7,680	7,760	8,320
Groundworkers	1,820	1,830	2,020
Electrical installation trades	12,450	11,700	13,070
Plumbing and HVAC trades	12,770	12,060	13,990
Logistics	3,070	2,880	3,030
Road and rail construction operatives	1,130	1,090	1,190
Non-construction trades and operatives	3,980	3,860	4,090
Total (SIC 41-43)	165,730	160,110	168,920
Civil engineers	4,000	3,820	3,900
Other professionals and technical staff working in construction	16,090	15,520	16,180
Architects	1,450	1,370	1,350
Surveyors	3,930	3,640	3,540
Total (SIC 41-43, 71.1, 74.9)	191,210	184,480	193,900

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

² workforce covers construction contracting, SIC 41, 42 & 43 along with supporting technical and professional workers in SIC 71 and 74.9.

³ The 28 occupational groups used in the report have been updated to align with the new Standard Occupational Classification: SOC(2020). Full details are covered in accompanying Technical Annex.

ANNUAL RECRUITMENT REQUIREMENT (ARR)



The average annual recruitment requirement in the East Midlands is set to average

1.8% PER YEAR

based on 2023 workforce levels, which is slightly lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by 3,500 new workers each year to

deliver the expected work between the start of 2024 and end of 2028.

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

- Non-construction professional and technical office-based staff (1,170)
- Labourers (420 per year)
- Painters and decorators (310 per year)

There will be pressure on the following occupations, painters and decorators (6.5%), glaziers and window trades (5.7%), non-construction professional and technical office based staff (5.7%) and labourers (5.5%), 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.

FIGURE 6

ANNUAL RECRUITMENT REQUIREMENT BY OCCUPATION – EAST MIDLANDS	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	-	-
Construction project managers	-	-
Non-construction professional and technical office based staff	5.7%	1,170
Other non-construction office-based staff	0.5%	110
Construction trades supervisors	2.7%	80
Carpenters and joiners	2.4%	250
Bricklayers and masons	0.9%	60
Other construction and building trades	-	<50
Painters and decorators	6.5%	310
Plasterers	-	-
Roofers	3.5%	110
Floorers and wall tilers	-	<50
Glaziers and window trades	5.7%	70
Scaffolders	-	-
Plant operatives	4.9%	180
Plant mechanics/fitters	3.8%	140
Steel erectors and metal workers	-	<50
Labourers	5.5%	420
Groundworkers	-	-
Electrical installation trades	-	-
Plumbing and HVAC trades	0.4%	50
Logistics	2.9%	90
Road and rail construction operatives	-	-
Non-construction trades and operatives	2.5%	100
Civil engineers	-	<50
Other professionals and technical staff working in construction	1.0%	160
Architects	4.1%	60
Surveyors	3.6%	140
Total (SIC 41-43, 71.1, 74.9)	1.8%	3,500

Source: ONS, CSN, Experian. ONS: "This work contains statistical data from ONS which is Crown Copyright. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates." ref. CSN Explained, Section 4, Notes 5 and 6.

RECRUITMENT AND TRAINING

Construction job vacancies in the East Midlands remains at about 50% higher than pre-covid (2019) levels.

50%



The current level of recruitment in the region's construction industry has been around 14,000 workers per year, while slightly more left, around 15,000 workers per year. This gives a slight outflow of workers and helps to explain why the workforce levels have dipped in recent years.

For the industry to meet expected demand in the region, the forecast shows that recruitment would have to increase by the equivalent of 3,500 workers per year. This is important to understand because there is a still a relatively high level of construction vacancies in the East Midlands that need filling going into 2024.

Figure 7 shows how construction job vacancies in the East Midlands have remained above the UK trend in recent months, and they are still about 50% higher than pre-covid (2019) levels.

Construction workers are still in demand and relatively low levels of unemployment leads to competition for workers. To fill vacancies and recruit new staff, companies can:

- 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.
- Recruit and train new entrants into construction from those leaving school, further education, higher education or migration.
- Improve the retention of workers within the industry.
- Look at how productivity can be improved.

Companies that 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, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

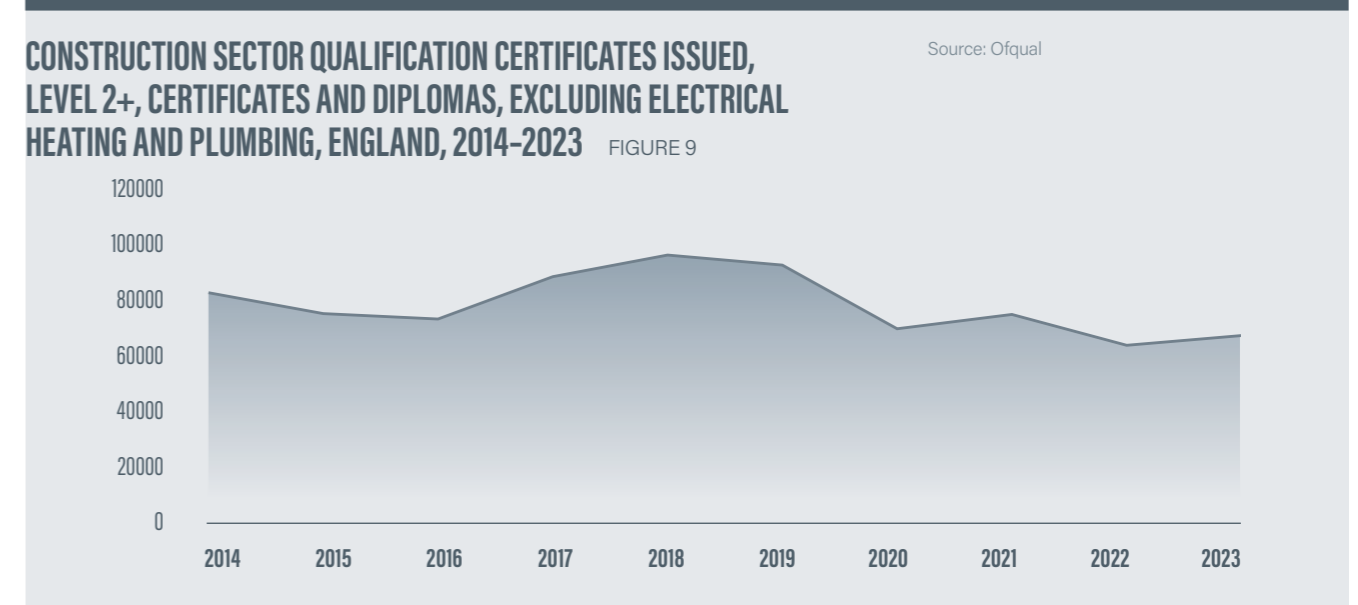
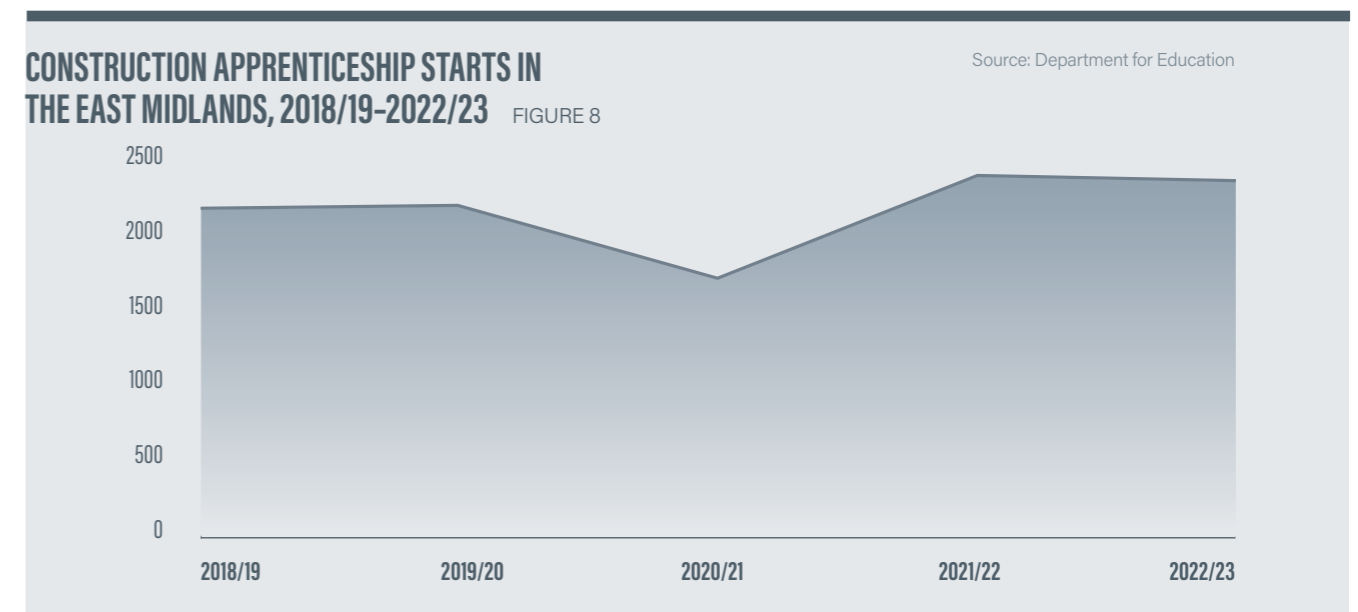
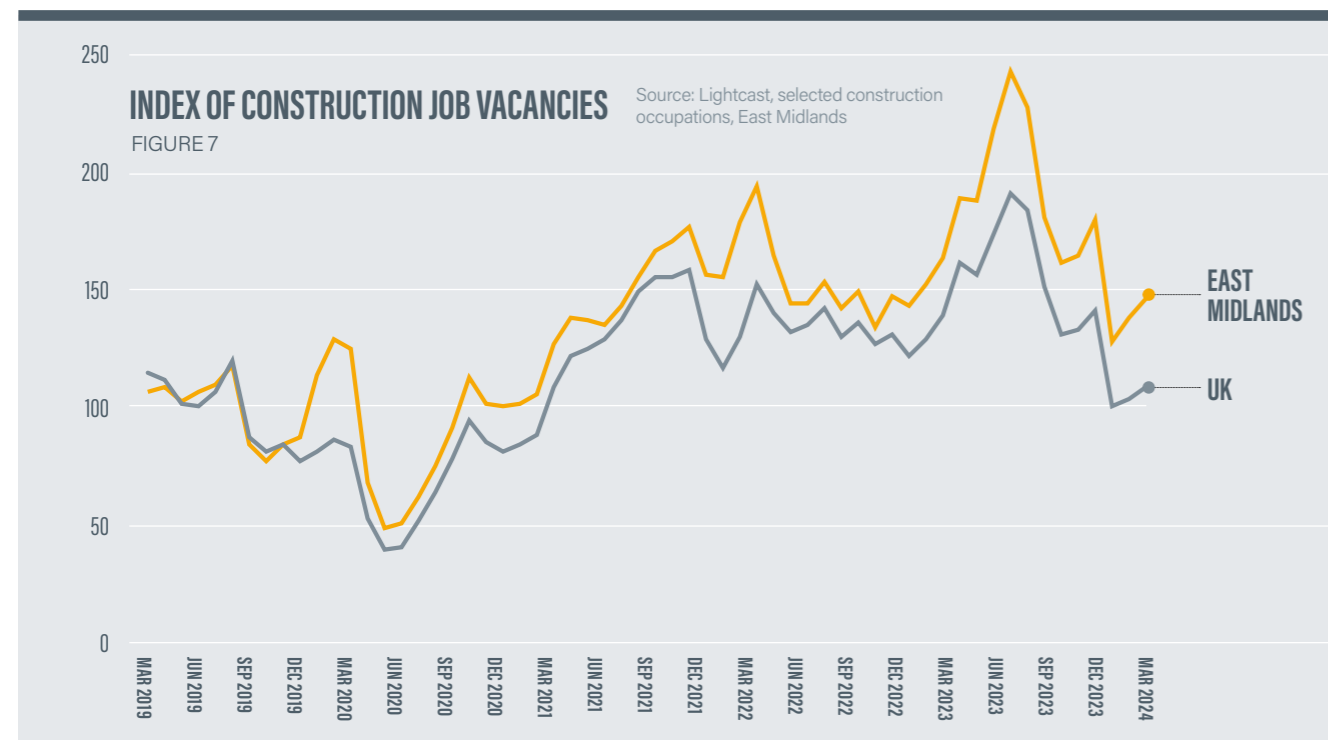
Training is an important aspect of staff development and recent trends are mixed for the region. Figure 8 shows construction apprenticeship starts in the East Midlands picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 40% up on 2020/21, however, they dropped slightly in 2022/23 by -1%. Indications are that 2023/24 will see a further drop in starts as half year numbers are down by -11% compared to the same point in 2022/23.

Looking at the range of construction training achieved across England at Level 2 and above, there is a similar pattern. From 2014–2016 there was a decline in certificates issued (see Figure 9), which then increased from 2017–2019, with the main qualifications being related to plant operations, site carpentry and brickwork. 2020 saw a reduction in the number of

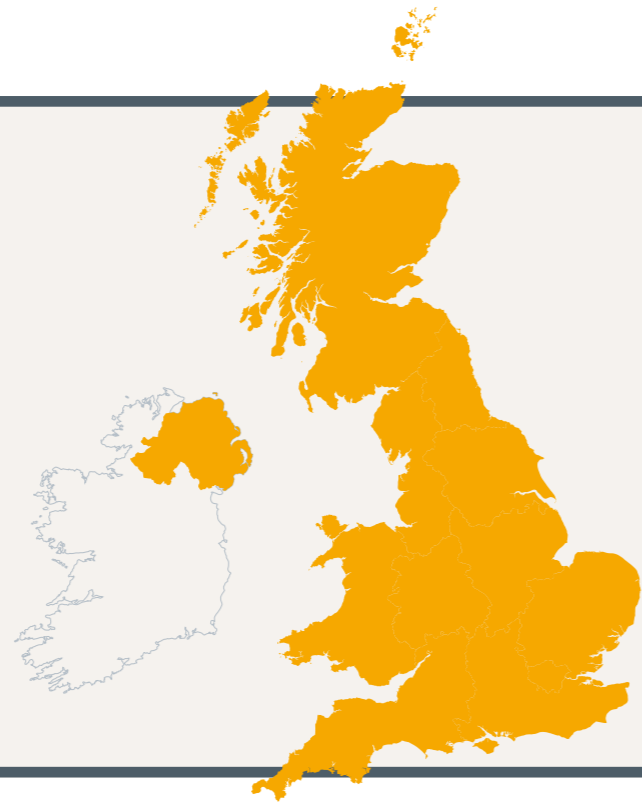
certificates being issued, which hasn't really increased (see Figure 9).

- 2014–2016: average of 80,000 certificates per year
- 2017–2019: average of 95,000 certificates per year
- 2020–2023: average of 72,000 certificates per year

At a time when the construction industry needs additional workers, a drop in training being carried out will add to the challenges being faced by companies, and it is important for this to be addressed.



CITB SUPPORT TO INDUSTRY



As employers are struggling to find workers, CITB will support the construction industry by investing in three priority areas:

- Inform and enable diverse and skilled people into construction:** by raising the profile of construction careers through activities such as Go Construct, Skillbuild, and STEM Ambassadors. Supporting people into the industry through work experience and Tasters, Apprenticeships, the New Entrant Support Team, and Onsite Experience hubs, and providing funding to support the cost of training new entrants.
- Develop a training and skills system to meet current and future needs:** updating standards, to ensure training delivers the skills the industry needs. Working with industry to develop a competence-based skills system that will provide more flexible routes into construction, and working with governments to influence apprenticeships on industry's behalf.

- Support the industry to train and develop its workforce:** this is imperative to meet the skills needs of industry. Employers have told us they are looking to upskill their workforce to fill gaps, and core occupational training needs to be delivered efficiently. To make this work, CITB will develop and test a new Training Needs Analysis service, to help small businesses make informed decisions about the training they need. CITB will also provide financial incentives to help businesses to do more training and work with providers to identify gaps in supply so that good quality training is available when and where it's needed. ■

CITB WILL DEVELOP AND TEST A NEW TRAINING NEEDS ANALYSIS SERVICE, TO HELP SMALL BUSINESSES MAKE INFORMED DECISIONS ABOUT THE TRAINING THEY NEED.



CITB SUPPORT TO THE EAST MIDLANDS



In the East Midlands, CITB will:

- Promote Talentview among employers:** Engage with employers and further education providers on the benefits of the Talentview platform. Through increasing the awareness and use of the platform, employers can find the right talent for their business. Talentview offers colleges the guidance to match learners to the most suitable routes into industry be it apprenticeships, traineeships or direct employment.
- Local Skills Improvement Fund (LSIF):** Focus on the construction skills region and support the successful delivery of the regional LSIF. CITB will encourage registered businesses to train by providing guidance on the financial support available in the form of grants and funding.
- Onsite Experience:** Support the Onsite Hub in Leicestershire by engaging with employers. Onsite Hubs will match employers with suitable individuals that have completed a tailored construction programme to recruit workers that match their business need. Through the onsite hubs individuals will have completed construction related training such as CSCS test and Health and Safety awareness.

- Employer networks:** Employers can gain the support and funding they require to access training. Employer steering groups decide how funds will be spent and fewer restrictions means that training meets the needs of local construction employers. This could be supporting trade skills, net zero, digital skills or mentoring.

Overcoming skills shortages by supporting training and recruitment in a more competitive labour market requires combined action from CITB, construction companies, training providers and government. Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring the East Midlands has the volume of energy efficient homes it needs, the infrastructure to ensure the economy thrives, and to tackle the retrofit of the built environment to meet net zero targets. As the report sets out, annually the construction industry will continue to support over 190,000 workers and contribute over £11bn worth of output from an industry that accounts for 14% of all businesses that employ people in the region. ■



Annually the construction industry will contribute over

£11bn
WORTH OF OUTPUT



EAST MIDLANDS

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