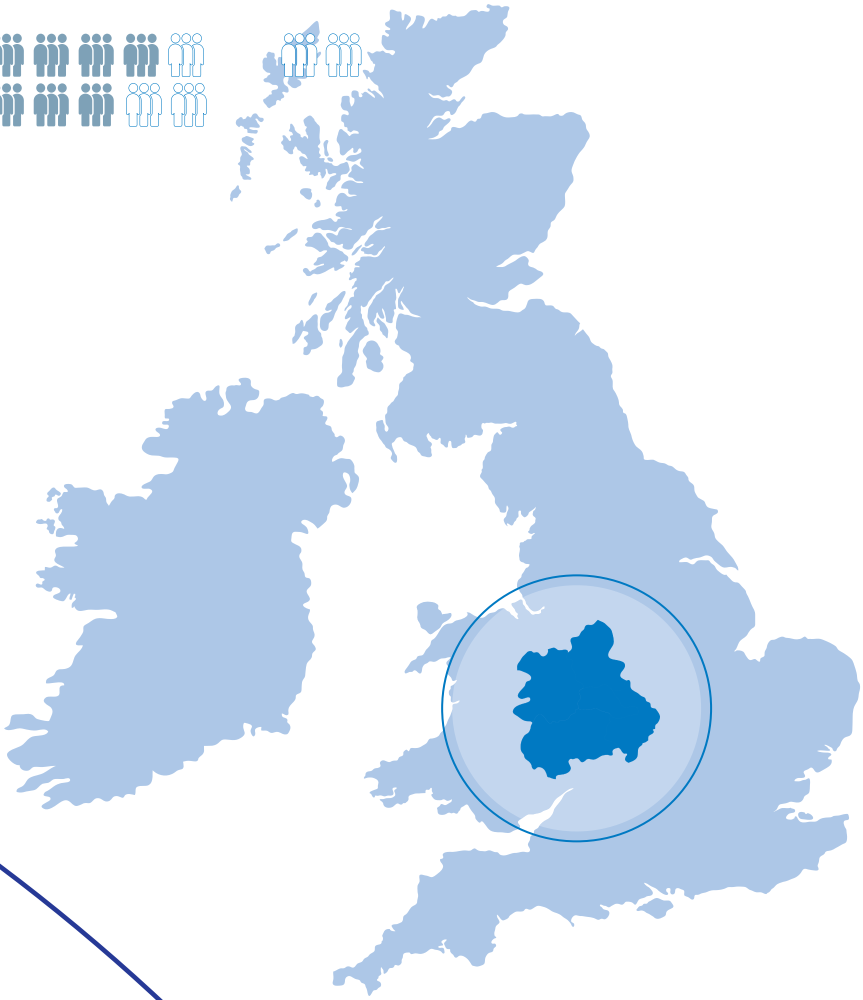

ConstructionSkills Network 2010-2014 West Midlands

LABOUR MARKET INTELLIGENCE

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Contents

Labour Market Intelligence

Charts & Tables

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

Summary - West Midlands

Total construction output is expected to increase at an annual average rate of 1.5% between 2010 and 2014 in the West Midlands, slightly slower than the national average of 1.7%. New work is forecast to have a higher rate of growth when compared to repair and maintenance (R&M), at 2% and 0.8%, respectively. Two of the six new work sectors are projected to see declines over the medium term, public non-housing and commercial, while private housing and infrastructure are expected to be the best performing. In 2014 total construction employment in the region is predicted to reach 182,570, up 5% on the 2010 projection.

Regional comparison 2010-2014

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

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

Total construction output is expected to increase at an annual average rate of

1.5%

between 2010 and 2014 in the West Midlands

Key findings

The construction industry in the West Midlands has grown by just 4.7% over the eight years to 2008. This is well below the national average of 21% and less than all the other regions and devolved nations in the UK, with the exception of Northern Ireland.

Looking forward, private housing at 8.1% and infrastructure at 7.7% are the sectors likely to have the highest annual average growth rates between 2010 and 2014. The latter is expected to see a significant stream of output coming through roads projects such as the hard shoulder running scheme on the M6 between junctions 8 and 10a and the A46 Newark to Widmerpool improvement project, which crosses both Midland regions. A further boost should come from the £600m enhancement programme for Birmingham New Street, where construction is due to be completed on phase one of the project in 2012.

Although underlying demand for housing has been depressed during the recession, our expectation is that stability in the housing market and improved lending conditions should be drivers behind the private housing sector in the medium term. In the short term, the sector will benefit from the Kickstart Delivery programme, designed to help stalled mixed tenure developments get started again.

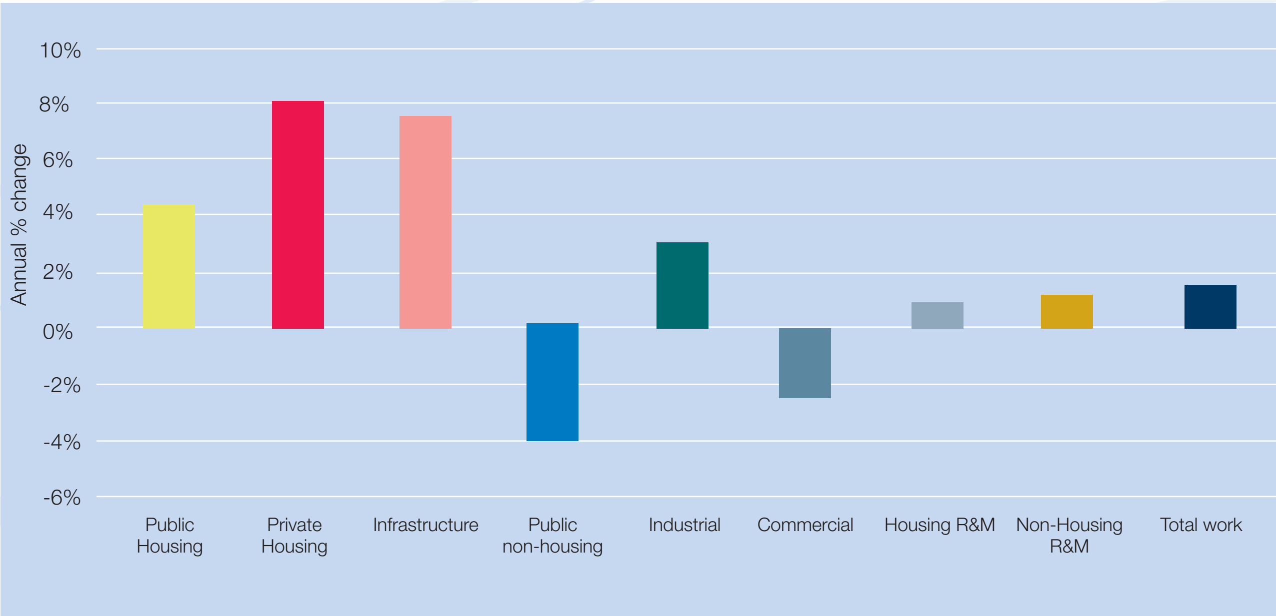
The healthy growth in output in the early part of the forecast period for the public non–housing sector should be offset by strong declines in the three years to 2014. Overall an annual average rate of decline of 4% between 2010 and 2014 is projected, making the sector the weakest in the region. In Birmingham, the West Midlands has the largest BSF project in the country, while other schemes include the ones in Sandwell, Wolverhampton, Coventry, Worcestershire, Walsall and Staffordshire. However, there are significant risks associated with projects that have not got on site before a prospective new government in 2010 starts to assess where public expenditure cuts should fall.

Weak consumer spending and growing unemployment are likely to be the main obstacles for retail and office construction in the commercial sector. Following two years of decline in 2010 and 2011, improving economic conditions should help output to bounce back in 2012, albeit weakly. However, the rate of growth should increase in each of the years thereafter to 2014, as confidence returns to the corporate sector and it begins to invest in new facilities.

Between 2010 and 2014, total construction employment in the West Midlands is expected to grow by 5% to reach 182,570. Of the trade occupational groups, labourers nec* (37%), civil engineering operatives nec* (36%) and logistics (35%) should see the largest increase in employment over the period. At 20,940, the largest trade occupation in 2014 is estimated to be wood trades and interior fit-out, constituting 11% of the total workforce.

The annual recruitment requirement of 4,050 for the West Midlands is expected to be broadly in-line with the national average. The region contends with significant net outflows from its construction workforce thus there is expected to be a need to replace them.

Annual average construction output growth 2010-2014 - West Midlands



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

* nec - not elsewhere classified

2 The outlook for construction in the West Midlands

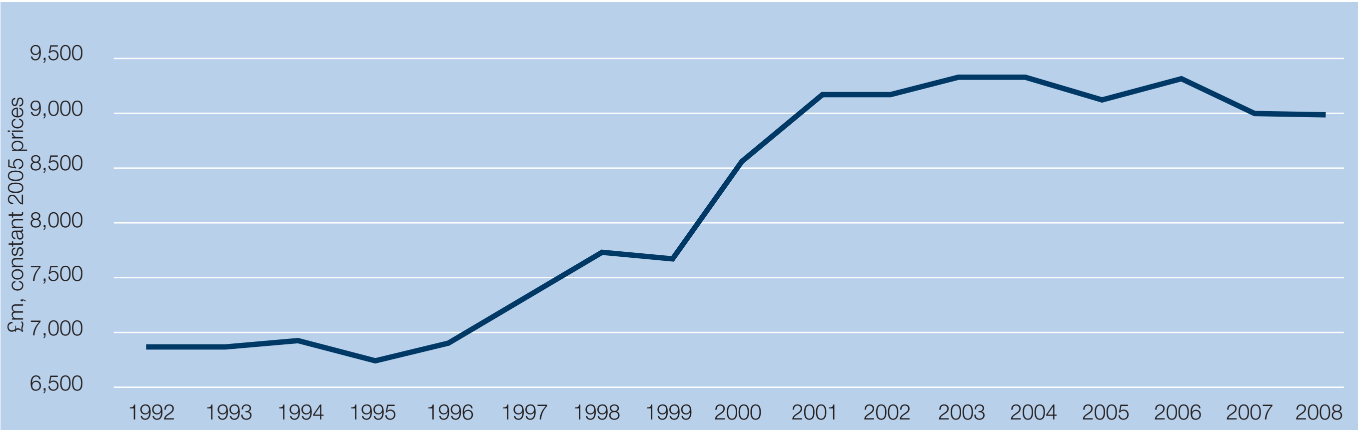
2.1 Construction output in the Northern Ireland – overview

In 2008, total construction output in the West Midlands totalled nearly £9bn, in 2005 prices, the same level as in the previous year. However, the R&M and new work sectors moved in opposite directions, with the former growing by 2% and the latter declining by the same magnitude.

The contractions in the private housing and industrial sectors were entirely responsible for the fall in new work output in 2008. The year-on-year decrease of 25% for private housing impacted heavily on the new work market due its large size in output terms. Falling house prices and difficulties in obtaining mortgage finance was the biggest obstacle for consumers, while restricted credit lending impacted house-builders' business plans.

In contrast, the strongest performances came from the infrastructure and public housing sectors, with increases of 20% and 18%, respectively, in 2008. Several roads projects and the BSF scheme in Birmingham were largely behind the rises in output.

Construction output 1992-2008 - West Midlands



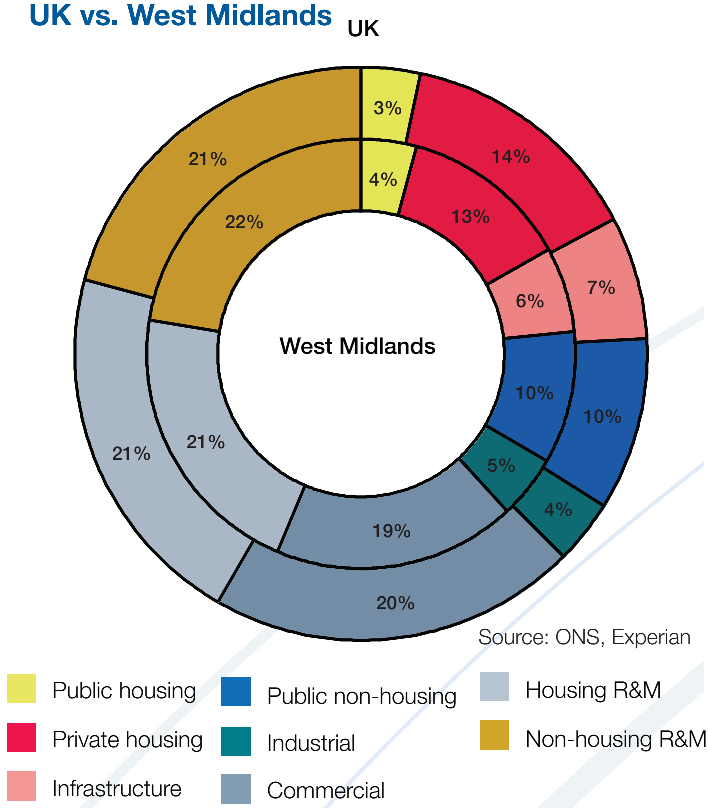
Source: ONS
ref. CSN Explained, Section 4, Note 1

2.2 Industry structure

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

The structure of the West Midlands construction industry is very similar to that of the UK as a whole with sector sizes deviating no more than a percentage point in 2008.

Construction industry structure 2008 - UK vs. West Midlands



Source: ONS, Experian

* nec - not elsewhere classified

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

Selected Sectors	Actual 2008	Forecast Annual % change, real terms 2009	2010	2011	2012	2013	2014
Public services	19	-0.3	0.6	1.2	1.1	1.1	1.2
Financial and business services	21	-5.8	-2.3	1.0	1.6	1.8	1.9
Transport and communications	7	-3.9	2.1	3.4	3.2	3.0	3.1
Manufacturing	15	-13.1	2.2	3.6	2.4	1.9	1.9
Distribution, hotels and catering	15	-4.6	1.6	1.7	1.4	1.3	1.2
Total Gross Value Added (GVA)	**89**	**-5.5**	**0.2**	**1.3**	**1.2**	**1.0**	**1.3**

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

2.3 Economic overview

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

2.4 Economic structure

In 2008, the West Midlands economy was worth £89.2bn, in 2005 prices, an increase of 1% on the previous year and accounting for around 8% of UK Gross Value Added (GVA).

Having overtaken the public services sector in 2007, the financial and business services continued to grow healthily in the following year and remained the largest sector in the regional economy. As a proportion of GVA it has increased its size from 18% at the beginning of the decade to 24% in 2008, while public services have remained steady at 21%.

Accounting for around 16% of GVA, the manufacturing sector in the region is more important when compared to the UK as a whole (13%), although it is smaller than the distribution, hotels and catering sector (17%), the third biggest in the region.

2.5 Forward looking economic indicators

Between 2010 and 2014, the West Midlands economy is forecast to increase at an average rate of 1.0% per year, slower than the UK average of 1.6%.

At 3.0% and 2.4%, the transport and communications and manufacturing sectors, respectively, are predicted to have the highest growth rates on an annual average basis between 2010 and 2014. In contrast, the financial and business services sector should have the slowest rate of increase at 0.8%, well behind the UK average of 3.1%, which is likely to impact on the demand for new offices in the region going forward.

Real household disposable income for the West Midlands is expected to increase at an annual average rate of 1.5% between 2010 and 2014, faster than the national average of 1.3%. Similarly, consumer spending in the region (1.9%) should rise at a quicker rate than the UK as a whole (1.5%). Not surprisingly, the debt to income ratio for the West Midlands is forecast to fall away at a slower rate when compared to the aggregate of all the regions and nations over the period.

The Department for Communities and Local Government (DCLG) reported that average house prices in the West Midlands reached £172,059 in 2008, a decline of 3.6% on the previous year. Following another fall in 2009, prices should grow at an increasing rate to 2012, before seeing some easing in pace for each of the final two years of the forecast period.

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

	Actual 2008	Forecast Annual % change, real terms 2009	2010	2011	2012	2013	2014
Real household disposable income	66	3.3	0.8	1.7	1.4	1.5	1.8
Household spending	63	-1.2	0.9	2.2	2.5	2.1	1.9
Debt:income ratio	1.3	-0.3	-2.8	-3.8	-1.5	0.2	0.5
House prices (£'000, current prices)	172	-9.5	0.6	4.4	5.8	4.4	3.2
LFS unemployment (millions)	0.18	47.5	14.8	-7.2	-15.2	-15.8	-9.2

Source: ONS, DCLG, Experian

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

	Actual 2008	Annual % change 2004	2005	2006	2007	2008
Public housing	228	171.2	-11.3	41.6	57.7	-18.3
Private housing	610	28.0	6.0	-14.7	-12.0	-39.2
Infrastructure	452	-21.5	33.8	-11.2	149.6	-41.4
Public non-housing	639	17.0	5.6	-1.1	17.2	1.4
Industrial	197	10.2	16.0	16.7	27.9	-52.2
Commercial	986	1.5	22.6	23.1	42.1	-32.5
Total new work	**3,113**	**14.9**	**11.9**	**1.5**	**29.6**	**-31.7**

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

2.6 New construction orders - overview

New construction orders for the West Midlands declined by 32% to £3.1bn, in current prices, in 2008, the first fall since 2003.

Almost all of the new work sectors experienced contractions in new orders in 2008, the exception being the public non–housing market which saw slight year-on-year growth. The industrial sector saw the steepest fall in new orders in the West Midlands with a drop of 52% and this sector, which is of particular importance to the West Midlands economy, has been badly hit by the fall off in both domestic and global demand.

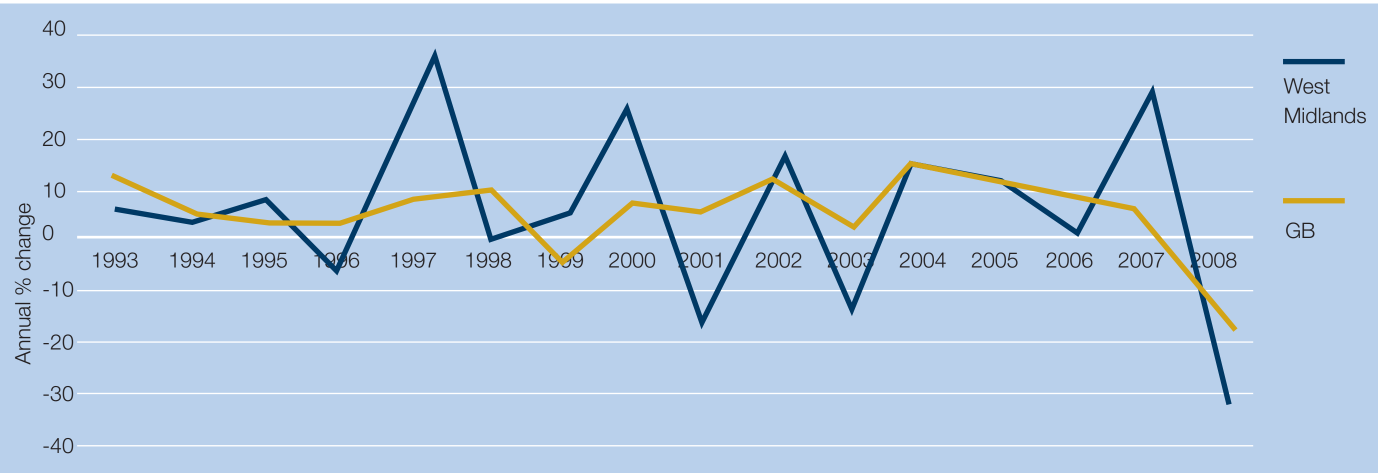
The next worst performing sector was infrastructure, with a 41% drop in new orders. However, this was after a very good year in 2007, when due to the placing of the order to widen the M1 between junctions 25 and 28 order levels more than doubled.

2.7 New construction orders – current situation

In the first three quarters of 2009, the level of new orders declined by a further 23% compared with the same period of 2008, to total £2.05bn in current prices. The industrial and commercial sectors suffered the worst declines of 55% and 53%, respectively. This was in-line with expectations since the region has been experiencing low levels of manufacturing activity, along with waning consumer confidence and spending.

Totalling £640m, in current prices, new orders for the infrastructure sector at the end of September 2009 were extremely buoyant, boosted by a £502m outturn in the third quarter. This was the highest three monthly result on record and is most likely the hard shoulder running project on the M6 between junctions 8 and 10a being registered as an order. For the public non–housing sector the level of new orders was flat in the first three quarters of 2009.

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



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

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

Construction output in the West Midlands totalled £3.9bn, in current prices, in the first six months of 2009, down 25% on an annualised basis and a fall of 19% between the 1st half of 2009 and the 2nd half of 2008. At 29%, the decline for the new work was steeper than the 19% contraction for the R&M, however we expect some easing in the decline in the latter half of 2009, to give a 22% decrease in output for the year as a whole. This is expected to be the worst performance of any region or devolved nation across the UK for 2009, although a small pick up in activity is projected for 2010 followed by a stronger increase in 2011, as economic conditions begin to improve.

The infrastructure and public housing sectors are expected to be the best performing over the short term. With an annual average rate of increase of 14.8%, the former is expected to benefit from the hard shoulder running project on the M6 between junctions 8 and 10a and the A46 Newark to Widmerpool improvement scheme. Meanwhile, public housing sector's growth rate of 14.4% is predicated upon the £300m made available by the Homes and Communities Agency (HCA) as part of the Regional Housing Action Plan to build 7,500 homes over 2010 and 2011.

With a growth rate of 13.3% per annum, the private housing sector is also projected to do quite well over 2010–2011. However, this average is likely to have been pushed up by the 22% year-on-year increase in 2011 as an easing in mortgage lending covenants and a stable economic environment provides consumers the impetus to buy, and thus the stimulus for house builders to build. Both of the housing sectors should also benefit from the Kickstart funding in the short term. By the end of November 2009 over £53m of allocations had been made under the programme to help restart on 24 stalled developments across the region, delivering over 1,600 new homes.

The commercial sector is the only one in new work predicted to have a negative annual average rate of change between 2010 and 2011. The declines of 16% and 7%, respectively, for the two years are predicated upon minimal offices construction going ahead following the boom in speculative development in recent years and waning consumer spending depressing retailers' plans to expand. However, that is not to say that there are no major schemes planned. Amongst the biggest is the redevelopment of a shopping centre in Stoke-on-Trent worth £250m where work is expected to start in 2010.

The public non-housing sector should also do well on an annual average basis over 2010–2011. At 9.3%, the growth rate should be supported by the healthy year-on-year increase of 18% in 2010 as several BSF schemes, including the largest in the country in Birmingham, begin to build a head of steam. The £120m scheme in Worcestershire and the projects in Walsall and Staffordshire, each of which are worth £100m, have seen work start onsite and the expectation is that output from these schemes will keep the sector buoyant in the short term.

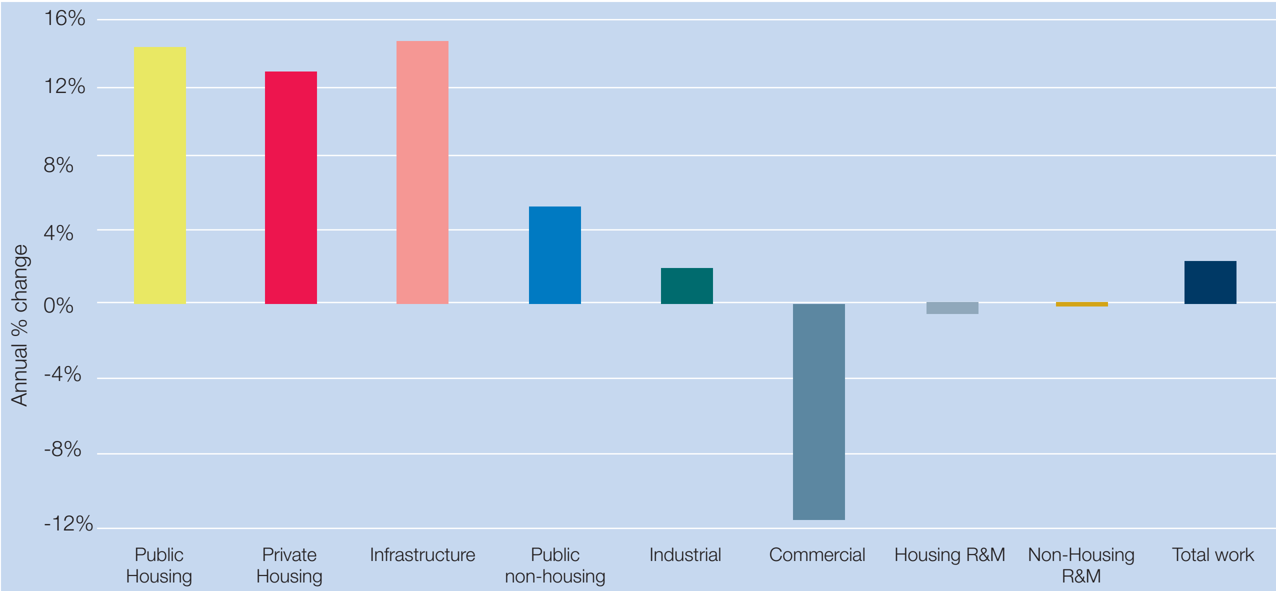
Industrial output in the first six months of 2009 totalled just £92m, a third of the level when compared with the corresponding part of the previous year. Industrial construction output could have fallen by as much as 60% in 2009, to historically low levels, and on that basis it is unlikely to fall further. However, the annual average rate of increase is predicted to be modest at 1.8% as developers remain wary of undertaking speculative construction in a region which has been reported to have one of the highest levels of available industrial floorspace.

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

	Actual	Forecast annual % change			Annual average
	2008	2009	2010	2011	2010-2011
Public housing	382	-48%	21%	9%	14.4%
Private housing	1,134	-27%	5%	22%	13.3%
Infrastructure	578	-9%	20%	10%	14.8%
Public non-housing	882	-2%	18%	1%	9.3%
Industrial	427	-60%	1%	3%	1.8%
Commercial	1,658	-23%	-16%	-7%	-11.4%
New work	**5,061**	**-23%**	**4%**	**6%**	**4.6%**
Housing R&M	1,883	-16%	-2%	0%	-0.6%
Non-housing R&M	2,017	-24%	-3%	4%	0.2%
Total R&M	**3,900**	**-20%**	**-2%**	**2%**	**-0.2%**
Total work	**8,961**	**-22%**	**1%**	**4%**	**2.5%**

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

Annual average construction output growth 2010-2011 - West Midlands



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

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

Total construction output in the West Midlands is expected to grow at an annual average rate of 1.5% over the medium term, slightly below the UK average of 1.7%. The new work market is predicted to perform better than R&M, growing at an average rate of 2.0% per year on average, faster than the R&M figure of 0.8%.

The private housing sector should rank at the top in the new work market, in terms of its rate of growth on an annual average basis between 2010 and 2014. At 8.1%, the rise should be driven by the robust year-on-year increases in the early years of the forecast period as house prices begin to show stronger signs of recovery, boosting consumer confidence. Easier access to mortgage finance should also play a part in driving buyers to stimulate demand for housing. Towards the end of the forecast period, growth in the sector should settle down to a more sustainable long-term average.

The trend for the infrastructure sector should be similar, with strong growth in 2010 and 2011 predicted, however weak increases forecast thereafter to 2014. This should give an annual average rate of increase of 7.7% over the five years. The £600m enhancement programme for Birmingham New Street, which should see the first phase of work completed by 2012, with a target date of 2015 for full completion, would be one of the main drivers behind infrastructure output rises. However, roads projects in the West Midlands will also contribute. Warwickshire County Council has announced its intention to procure up to £300m of highways, with the contract covering the programme of works across the county from April 2011.

The public non-housing and commercial sectors are projected to be the only ones in new work with negative annual rates of change, with the former predicted to see a contraction of 4.0% and the latter a fall of 2.3%, on average over the forecast period. In the public non–housing sector, education accounts for by far the largest share of activity. Nearly £800m of public money is due to be spent on projects in Waves 1 to 4 of the BSF programme, a significant amount in a public non–housing market worth between £800m to £900m in recent years, therefore future cutbacks on investment in school facilities could hit the region hard. Meanwhile, the declines in the initial two years of the forecast period for the commercial sector are unlikely to be offset by the year-on-year increases to 2014, although the £484m PFI Smethwick hospital, which has been given the go-ahead and has a completion date of 2015, should provide some boost to the figures.

Small increases over the five years to 2014 are expected to give the industrial construction sector an annual average rate of growth of 3.3%. Weak growth in manufacturing output is likely to impact negatively on demand for new factories and the situation is likely to have been exacerbated by the spare capacity created following the warehouse boom in recent years in the West Midlands. The £28.1m scheme to construct a warehouse/distribution unit as part of the DIRFT Expansion Site in Rugby is one of the few schemes currently planned between 2010 and 2014.

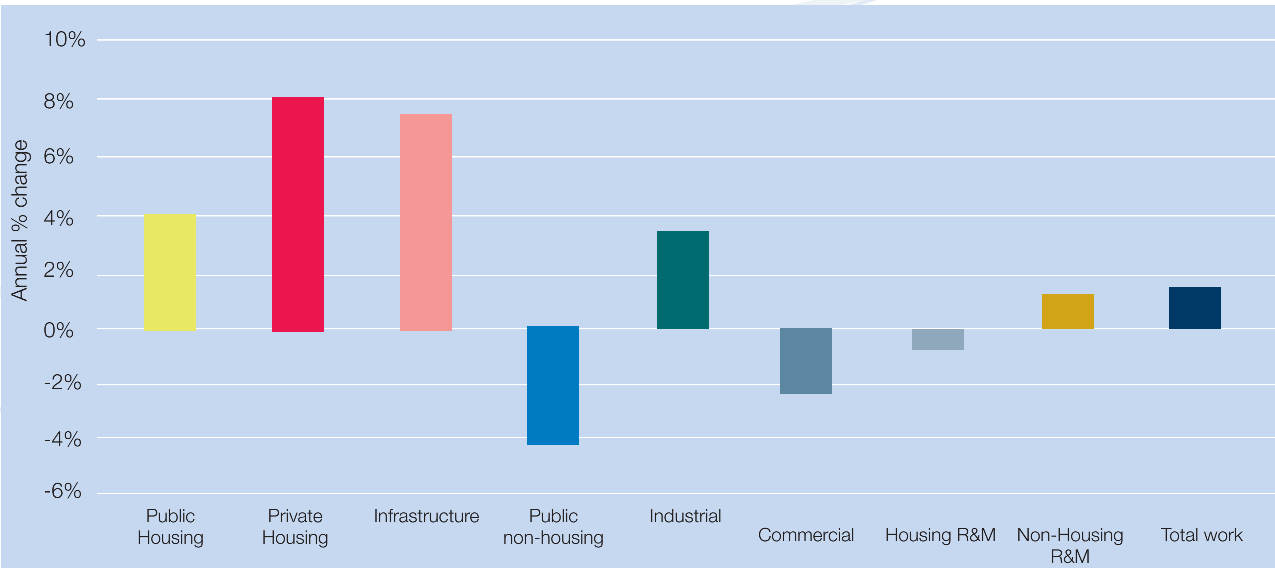
Finally, the public housing sector is forecast to have an annual average rate of increase of 4.2% over the 2010 to 2014 period. This is despite output growing robustly in the short term, due to increased funding available for social housing provision. The medium term outlook is subdued due to expectations that future funding levels will at best be no higher than current ones.

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

	Estimate	Forecast annual % change					Annual average
	2009	2010	2011	2012	2013	2014	2010-2014
Public housing	200	21%	9%	-6%	0%	1%	4.2%
Private housing	831	5%	22%	7%	5%	2%	8.1%
Infrastructure	525	20%	10%	2%	4%	4%	7.7%
Public non-housing	867	18%	1%	-14%	-13%	-8%	-4.0%
Industrial	172	1%	3%	6%	4%	3%	3.3%
Commercial	1,283	-16%	-7%	2%	4%	7%	-2.3%
New work	**3,878**	**4%**	**6%**	**-1%**	**1%**	**2%**	**2.0%**
Housing R&M	1,583	-2%	0%	2%	1%	1%	0.5%
Non-housing R&M	1,535	-3%	4%	2%	2%	2%	1.2%
Total R&M	**3,118**	**-2%**	**2%**	**2%**	**1%**	**1%**	**0.8%**
Total work	**6,996**	**1%**	**4%**	**0%**	**1%**	**1%**	**1.5**

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

Annual average construction output growth 2010-2014 - West Midlands



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

3 Construction employment forecasts for West Midlands

3.1 Total construction employment forecasts by occupation

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

Total construction employment in 2014 is expected to reach 182,570, down 18% on the 2008 level but up 5% on the 2010 projected total of 173,110. In 2014, 161,530 are expected to be employed in SIC 45, while the remaining 21,040 are predicted to be working in SIC 74.2.

At 20,940, the largest trade occupational group in 2014 is estimated to be wood trades and interior fit-out, constituting 11% of the total workforce. This share is in line with the UK average. Other sizeable occupational groups include construction managers (16,120), electrical trades and installation (14,480) and plumbing and HVAC trades (12,390).

The largest increases between 2010 and 2014 are projected to be for labourers nec* (37%), civil engineering operatives nec* (36%) and logistics (35%). In contrast, bricklayers (-8%), floorers (-8%), electrical trades and installation (-6%), glaziers (-3%), specialist building operatives nec* (-2%) and plasters and dryliners (-2%) are all predicted to be fewer in number in 2014 when compared with the 2010 level.

In absolute terms, labourers nec* (2,400) and civil engineering operatives occupations (1,410) are once again likely to see the greatest increase in employment between 2010 and 2014, with wood trades and interior fit-out (1,200) also doing quite well.

Total construction employment forecasts by occupation	Actual 2008	Forecast 2010	Forecast 2014
Senior, executive, and business process managers	10,710	7,170	7,450
Construction managers	22,050	15,780	16,120
Non-construction professional, technical, IT, and other office-based staff	25,920	20,550	21,700
Wood trades and interior fit-out	22,360	19,740	20,940
Bricklayers	6,100	4,760	4,380
Building envelope specialists	8,040	6,740	6,970
Painters and decorators	11,520	9,170	9,370
Plasterers and dry liners	4,460	2,820	2,750
Roofers	5,950	4,680	4,720
Floorers	1,930	1,300	1,190
Glaziers	4,390	3,350	3,250
Specialist building operatives nec*	5,900	4,440	4,360
Scaffolders	1,620	1,110	1,420
Plant operatives	3,170	2,560	3,100
Plant mechanics/fitters	2,650	2,040	2,090
Steel erectors/structural	3,150	2,400	2,440
Labourers nec*	8,650	6,530	8,970
Electrical trades and installation	18,850	15,400	14,480
Plumbing and HVAC Trades	15,930	12,340	12,390
Logistics	3,050	2,510	3,400
Civil engineering operatives nec*	5,440	3,920	5,330
Non–construction operatives	4,690	3,590	4,710
Civil engineers	5,510	3,400	3,400
Other construction professionals and technical staff	13,770	10,760	11,380
Architects	1,920	1,360	1,480
Surveyors	5,790	4,670	4,790
Total (SIC 45)	**196,530**	**152,900**	**161,530**
Total (SIC 45 and 74.2)	**223,520**	**173,110**	**182,570**

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

* nec - not elsewhere classified

3.2 Annual recruitment requirements (ARR) by occupation

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

The ARR for 26 occupational groups within the West Midlands construction industry between 2010 and 2014 is illustrated in the table, Annual recruitment requirement by occupation – West Midlands. The ARR of 4,050 is indicative of the average requirements per year for the industry, as based on the output forecasts for the region. This takes into account 'churn', flows into and out of the industry.

The largest ARRs are expected to be for construction managers (720), followed closely by labourers nec* (700). Within the West Midlands, 35% of the entire construction industry's ARR is accounted for by these two occupations. However as a percentage of the base employment number in 2010, logistics (11%), labourers nec* (11%) and civil engineering operatives nec* (8%) are forecast to be the most in demand.

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

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

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

ARR by occupation	2010-2014
Senior, executive, and business process managers	-
Construction managers	720
Non-construction professional, technical, IT, and other office-based staff	620
Wood trades and interior fit-out	640
Bricklayers	-
Building envelope specialists	250
Painters and decorators	100
Plasterers and dry liners	-
Roofers	-
Floorers	-
Glaziers	-
Specialist building operatives nec*	-
Scaffolders	-
Plant operatives	90
Plant mechanics/fitters	-
Steel erectors/structural	<50
Labourers nec*	700
Electrical trades and installation	310
Plumbing and HVAC Trades	-
Logistics	280
Civil engineering operatives nec*	320
Non–construction operatives	-
Civil engineers	-
Other construction professionals and technical staff	-
Architects	-
Surveyors	-
Total (SIC 45)	**4,050**
Total (SIC 45 and 74.2)	**4,050**

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

* nec - not elsewhere classified

4 Comparisons across the UK

Between 2010 and 2014, all of the regions and nations are forecast to experience an increase in construction output, on an annual average basis. However at 1.5%, the West Midlands is predicted to have a slightly weaker outturn when compared to the UK average of 1.7%, and is ranked 7th out of the 12 regions and devolved nations.

The sector which stands out in the West Midlands is the commercial one, with a rate of decline of 2.3% on average per year. It is expected to be the worst performing of the twelve regions and devolved nations and is in line with the projections for West Midland's economic performance. The West Midlands is likely to have seen its GVA contract by around 5.5% in 2009 compared with 4.8% for the UK as a whole, and its annual average economic growth rate of around 1.0% is well below the UK average of 1.6%. Under these conditions demand for office, retail and leisure space is expected to recover more slowly than in other areas of the UK.

The private housing sector is the only one in the West Midlands which is predicted to have an annual average rate of growth above that of the UK as a whole. The projected need for housing, as measured by the DCLG's household projections, far outweighs the current levels of housing completions. Therefore the underlying demand, which has been depressed during the recession, should stimulate house builders to undertake construction over the forecast period.

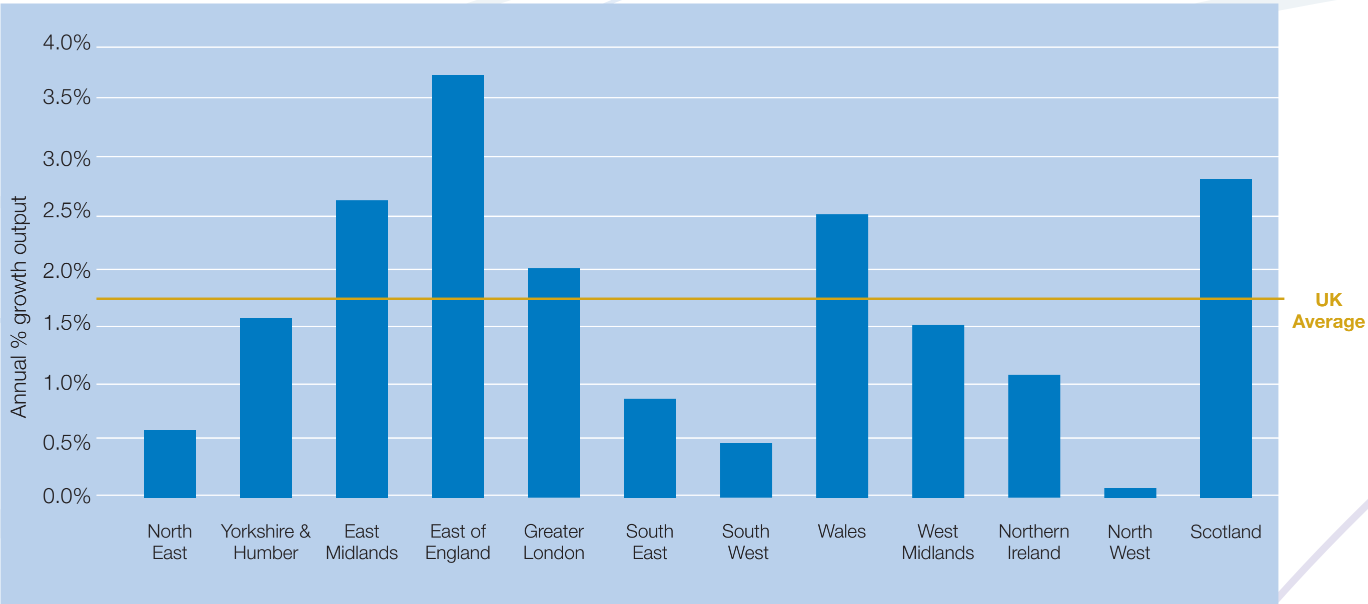
Although there are a number of infrastructure projects in the pipeline in the West Midlands, the region is unlikely to be able to compete with the East of England and Greater London in terms of major programmes of works. Projects in the capital include Thameslink, Tottenham Court Road Underground redevelopment, the Thames Water Tideway Tunnel project, and by far the biggest of them all, Crossrail. Meanwhile the East of England should benefit from a significant stream of output coming through via the roads and harbours sub-sectors.

On an annual average basis between 2010 and 2014, the East of England is the only area in the UK to have a positive rate of growth for the public non-housing sector. The region has not been one of the main beneficiaries of the early waves of the BSF programme and thus it will not be impacted as strongly as many other regions should funding be cut. This is not the case for the West Midlands, which has the country's biggest BSF scheme in Birmingham, along with a number of other BSF projects which are lower in value, but nonetheless still important projects for the region.

Between 2010 and 2014, the ARR for the East of England is estimated to be the highest of all the nations and regions in the UK. The average of 7,350 entrants needed per year is partly down to the region having a large R&M market, which is more labour intensive thus generates more jobs per £1m of output. At 4,050, the ARR for West Midlands is slightly above the UK average, driven largely by the outflows from the region.

In contrast, Northern Ireland has the smallest ARR at 720. The province has a small construction market, therefore the number of construction workers needed over and beyond the natural flows in the employment market is likely to be small.

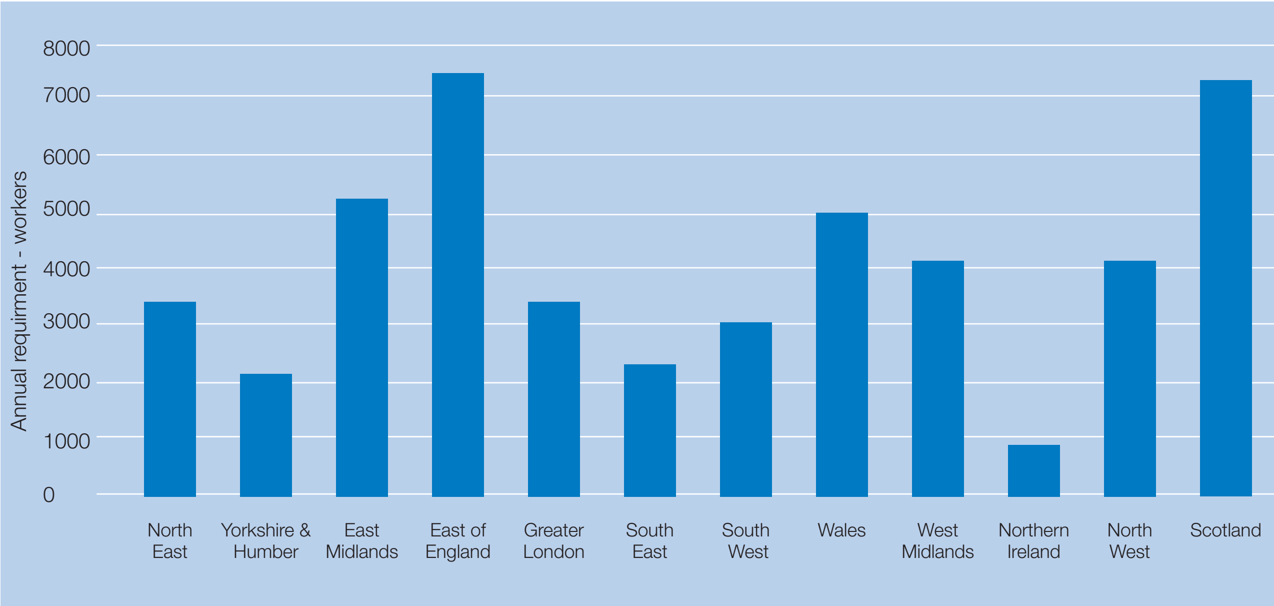
Annual average output growth by region 2010 - 2014



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

* nec - not elsewhere classified

Annual recruitment requirement (ARR) by region 2010 - 2014



Source: CSN, Experian

Library of Birmingham

With growth of

8.1%,

the private housing sector in the West Midlands is the only sector above the UK average

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CMI-1292 (01/10)

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

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

Cskills website
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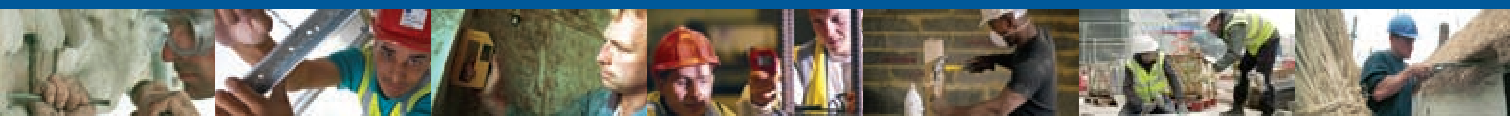

Alliance Sector Skills Councils

CITB-ConstructionSkills, CIC and CITB-ConstructionSkills Northern Ireland are working as ConstructionSkills, the Sector Skills Council for Construction. (CITB-ConstructionSkills registered charity number 264289.)