



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

**SOUTH WEST
2024-2028**



KEY FACTS AND FIGURES



The volume of construction work in the South West will grow by an annual average rate of

1.9%¹



The biggest gains in output will come from these sectors:

HOUSING REPAIR & MAINTENANCE

NON-HOUSING REPAIR & MAINTENANCE



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



The occupations with the strongest additional recruitment requirement levels are:

Other professionals and technical staff working in construction
Non-construction professional and technical office-based staff
Carpenters and joiners

Main projects in South West include:

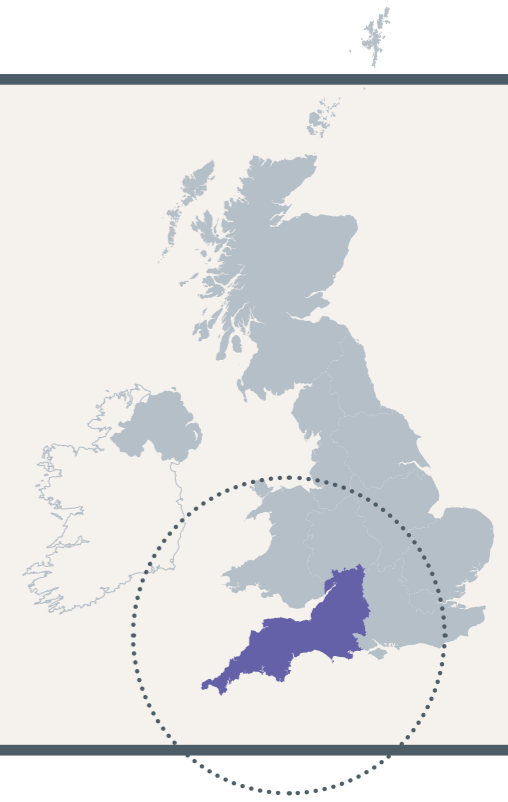
£4bn

Tata battery factory, Bridgwater

1,440+

New homes at Hengrove Park Development, South Bristol

SOUTH WEST



The additional recruitment requirement in the South West of 3.4% per year is higher than the UK value of 1.9% and means an extra 42,400 workers will be needed in the region from 2024 to 2028. ■



UK MACROECONOMIC BACKDROP

UK GDP in 2023 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).

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 as 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 South West has 19,400 employers, which is **15% of all employers in the region.**



Housing repair and maintenance sector:

28%

In 2023 the industry in the South West is estimated to have total output of around £14bn which is structured as per Figure 1 (below).

The profile of the construction industry in the South West shows a high share of housing repair and maintenance (R&M) work, accounting for 28% of total work, making it the strongest sector in the region and higher proportions than in the UK overall.

The other sectors sharing large amounts of the output value include non-housing R&M (15%), private housing (16%) and infrastructure (15%). ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 SOUTH WEST

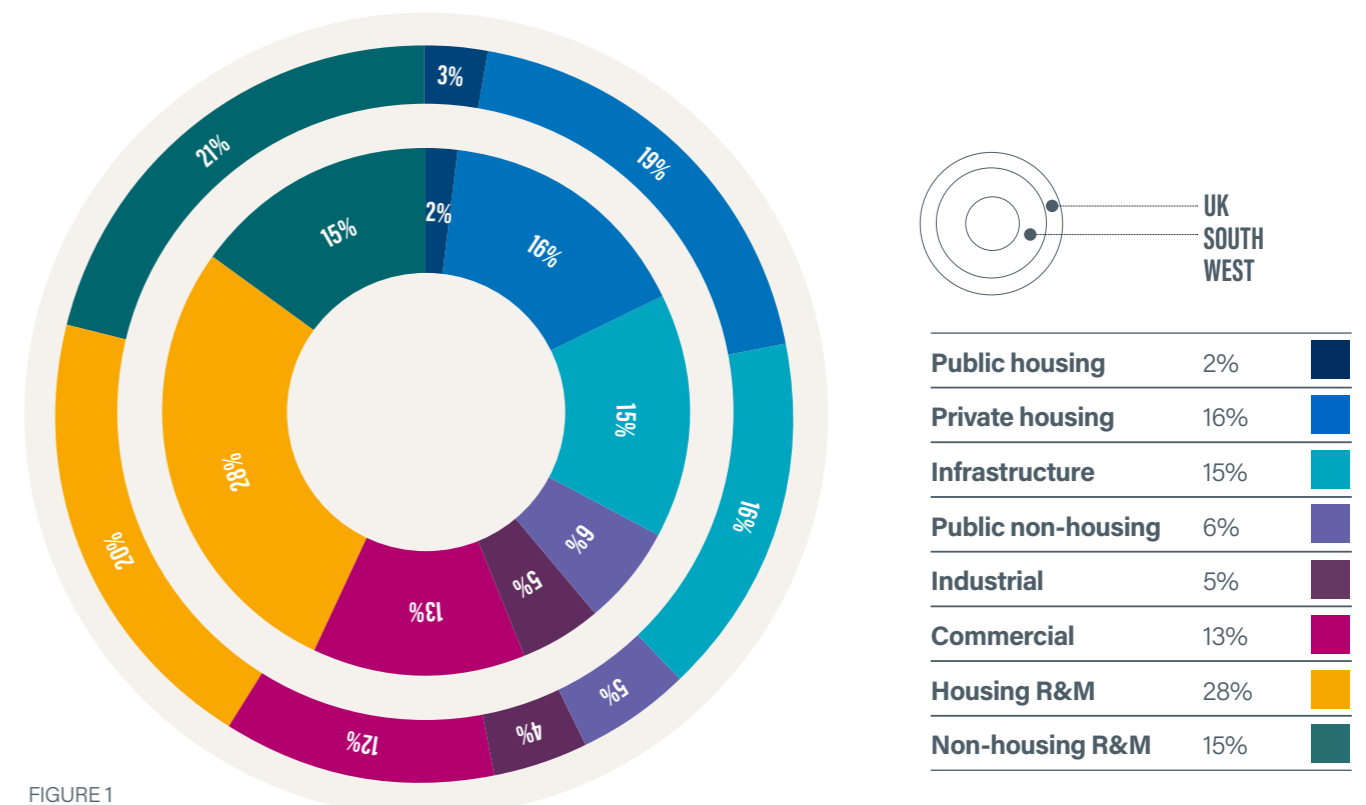


FIGURE 1


2023 VIEW


Total annual output 2023: 
£14bn



Commercial work increased by 
£360m

2022 saw steady output growth in the South West, and then marginal growth in 2023. 

Output increased by around 0.7% in the region, which is below the UK figure of 2%, putting the value of output in the region at a new high point at over £14bn. 

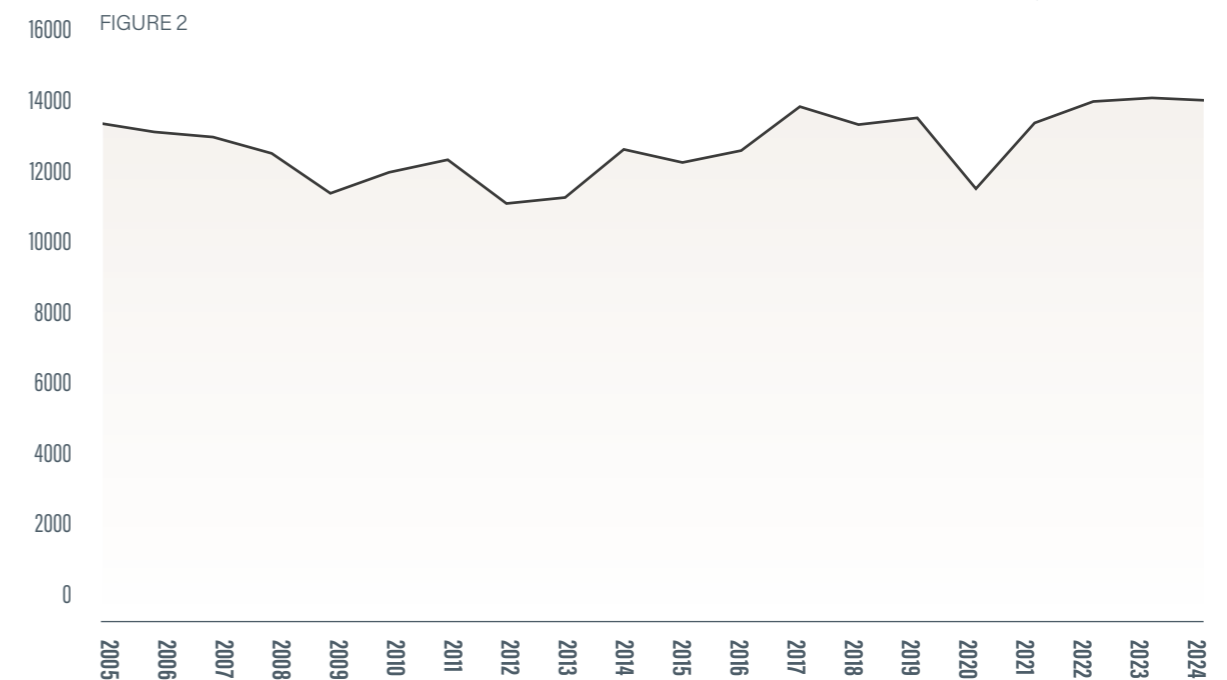
Growth was mainly due to an increase in commercial work, which increased by almost £360m, although there were also noticeable increases in the infrastructure and industrial sectors. 

With a downturn in the housing market, the private housing sector saw output drop by nearly 20%, which is higher than that seen in the UK picture. 

Going into 2024, we expect output in the South West to reduce slightly, by -0.5%, as infrastructure, private housing and industrial output look set to drop. 

CONSTRUCTION OUTPUT (£M) 2005 – 2024 SOUTH WEST

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



OUTPUT FORECAST 2024 - 2028

The South West has an average annual output growth rate of 1.9% over the next five years, which is lower than the UK rate of 2.4%. This is due to a combination of a drop in new work for 2024, which picks up from 2025 onwards, alongside low growth

for the R&M sectors from 2025. This is like the pattern we expect to see across the UK.

The sectors with the highest average growth rates are public non-housing (3.0%), and non-housing R&M (2.9%), whereas the gains by value of output will come from housing R&M with

an increase of almost £500m output over the forecast period. Though 2024 looks to be another tough year for private housing in the region, the sector will see 2.8% growth over the 5-year outlook with construction output value increasing by almost £330m. ■

FORECAST

The main engine of expansion in the South West is the Hinkley Point C new nuclear build project, although with delays, it is expected to start power generation after 2029.



Average growth rate for South West:

1.9%



Bridgwater electric vehicle battery plant:

£4bn

The region can expect to see infrastructure output decline following this forecast period as there are no other infrastructure projects of this size in the pipeline to replace it. The next largest project in the pipeline is the £4bn electric vehicle battery plant in Bridgwater, Somerset, that has been confirmed by Tata Group. With production due to commence in 2026, construction work will provide a boost to the region in the short term.

Goram Homes and Countryside Partnerships have set upon a joint venture to build a range of flats and new houses on the former Whitchurch Airfield site. The Hengrove Park development will deliver over 1,400 properties in South Bristol, which includes 324 units of social housing and 107 affordable homes.

In Bristol, the Galleries shopping centre is set to be demolished, with site redevelopment to include shops, restaurants, entertainment and community facilities on the ground floor, with new homes and office space above. ■

CONSTRUCTION OUTPUT – SOUTH WEST (£ MILLION, 2019 PRICES)

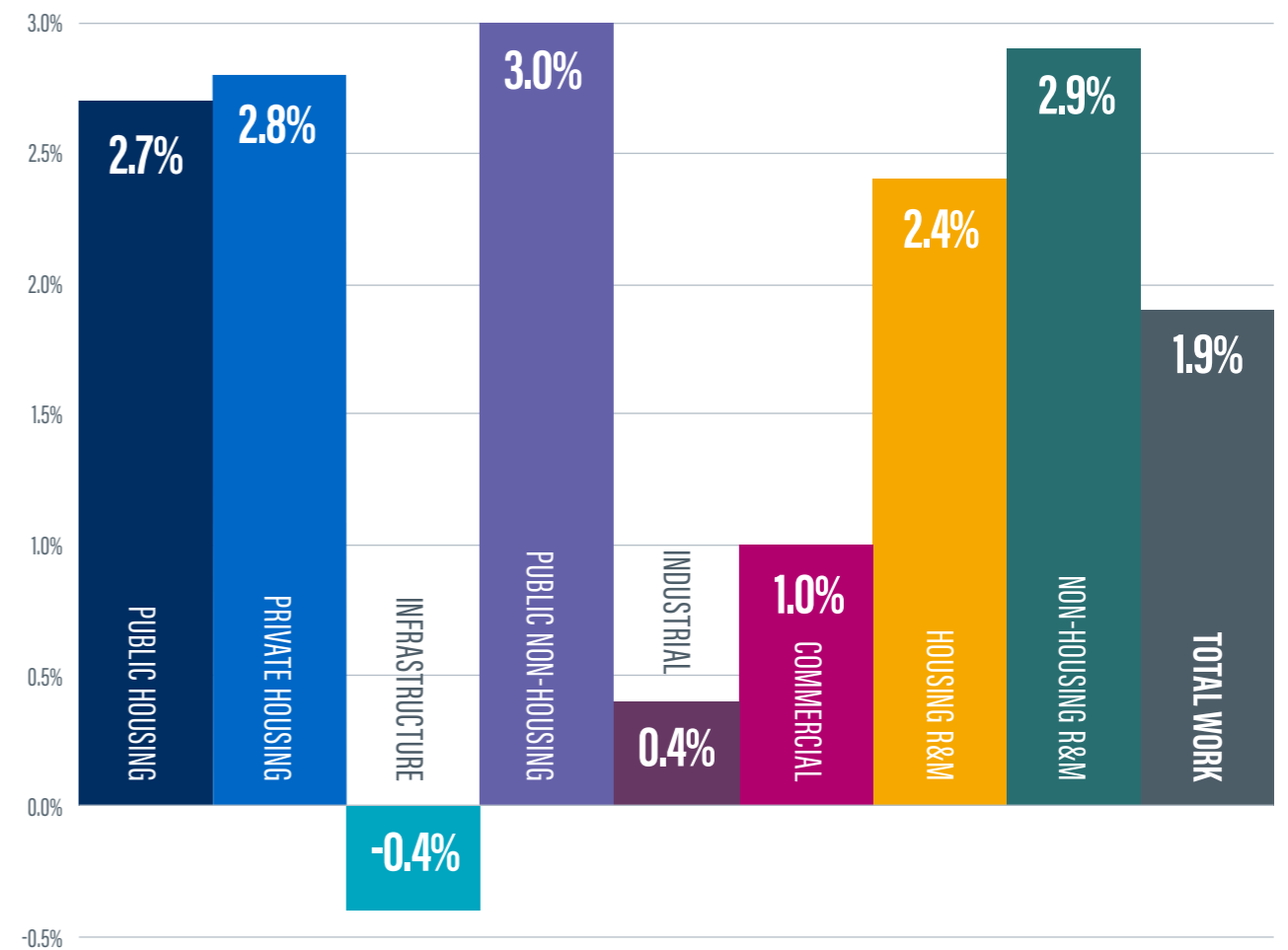
FIGURE 3

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
	2023	2024	2025	2026	2027	2028	2024-2028
Public housing	243	0.8%	3.1%	3.3%	3.3%	3.2%	2.7%
Private housing	2,216	-4.2%	10.5%	2.3%	3.1%	2.9%	2.8%
Infrastructure	2,160	-7.8%	0.8%	2.1%	1.8%	1.5%	-0.4%
Public non-housing	841	2.7%	4.3%	3.0%	2.6%	2.3%	3.0%
Industrial	704	-4.8%	1.6%	2.2%	1.8%	1.4%	0.4%
Commercial	1,844	0.2%	1.4%	1.4%	1.1%	1.1%	1.0%
New work	8,007	-3.3%	4.1%	2.1%	2.1%	2.0%	1.4%
Housing R&M	3,934	2.2%	3.4%	2.2%	2.1%	2.2%	2.4%
Non-housing R&M	2,100	5.1%	2.5%	2.4%	2.3%	2.2%	2.9%
Total R&M	6,034	3.2%	3.1%	2.2%	2.2%	2.2%	2.6%
Total work	14,041	-0.5%	3.7%	2.2%	2.2%	2.1%	1.9%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028 SOUTH WEST

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

FIGURE 4



WORKFORCE FORECAST²

Average annual increase of construction workforce: **0.8%**

The level of output growth in the South West gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%.

We forecast that the 2023 workforce of 249,050 in the region will decrease slightly to 245,850 in 2024 before increasing to reach 258,700 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024³.

FIGURE 5

TOTAL EMPLOYMENT BY OCCUPATION — SOUTH WEST	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	22,660	23,350	25,800
Construction project managers	8,110	8,020	8,310
Non-construction professional and technical office based staff	26,870	25,060	23,290
Other non-construction office-based staff	20,060	19,340	19,520
Construction trades supervisors	5,010	4,790	4,800
Carpenters and joiners	17,980	17,400	18,000
Bricklayers and masons	6,130	6,410	7,260
Other construction and building trades	24,530	24,270	25,990
Painters and decorators	5,700	6,190	6,920
Plasterers	3,980	4,040	4,480
Roofers	1,210	1,120	1,350
Floorers and wall tilers	3,150	3,070	3,380
Glaziers and window trades	1,490	1,540	1,700
Scaffolders	1,960	1,780	1,690
Plant operatives	5,310	5,420	5,870
Plant mechanics/fitters	2,840	2,650	2,530
Steel erectors and metal workers	2,210	2,260	2,490
Labourers	11,560	11,370	11,910
Groundworkers	3,050	3,000	3,110
Electrical installation trades	18,270	18,100	20,500
Plumbing and HVAC trades	13,710	14,010	15,930
Logistics	3,540	3,370	3,290
Road and rail construction operatives	1,800	1,710	1,650
Non-construction trades and operatives	1,970	1,850	1,780
Total (SIC 41-43)	213,100	210,120	221,550
Civil engineers	4,940	4,920	5,190
Other professionals and technical staff working in construction	24,880	24,490	25,110
Architects	1,900	2,030	2,190
Surveyors	4,240	4,270	4,640
Total (SIC 41-43, 71.1, 74.9)	249,050	245,850	258,700

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 South West is set to average

3.4% PER YEAR

based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 8,480 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:

- Other professionals and technical staff working in construction (1,880 per year)
- Non-construction professional, and technical office-based staff (1,750 per year)
- Carpenters and joiners (1,320 per year)

There will be pressure on occupations such as architects (10.0%), roofers (9.1%), and labourers (8.3%) 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 — SOUTH WEST	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	-	-
Construction project managers	-	<50
Non-construction professional and technical office based staff	6.5%	1,750
Other non-construction office-based staff	4.4%	880
Construction trades supervisors	3.2%	160
Carpenters and joiners	7.3%	1,320
Bricklayers and masons	-	<50
Other construction and building trades	-	<50
Painters and decorators	-	-
Plasterers	-	-
Roofers	9.1%	110
Floorers and wall tilers	-	-
Glaziers and window trades	-	<50
Scaffolders	4.6%	90
Plant operatives	2.6%	140
Plant mechanics/fitters	-	<50
Steel erectors and metal workers	-	<50
Labourers	8.3%	960
Groundworkers	2.3%	70
Electrical installation trades	3.2%	580
Plumbing and HVAC trades	1.0%	140
Logistics	-	<50
Road and rail construction operatives	-	<50
Non-construction trades and operatives	-	<50
Civil engineers	-	-
Other professionals and technical staff working in construction	7.6%	1,880
Architects	10.0%	190
Surveyors	4.9%	210
Total (SIC 41-43, 71.1, 74.9)	3.4%	8,480

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 South West remain at about 30% higher than pre-covid (2019) levels.

30%



The current level of recruitment in the region's construction industry has been around 18,500 workers per year joining, with slightly more leaving, around 19,500 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 8,480 workers per year. This is important to understand because there is a still a relatively high level of construction vacancies in the South West that need filling going into 2024.

Figure 7 shows how construction job vacancies in the South West have remained above the UK trend in recent months, and they are still almost 30% 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 can 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, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

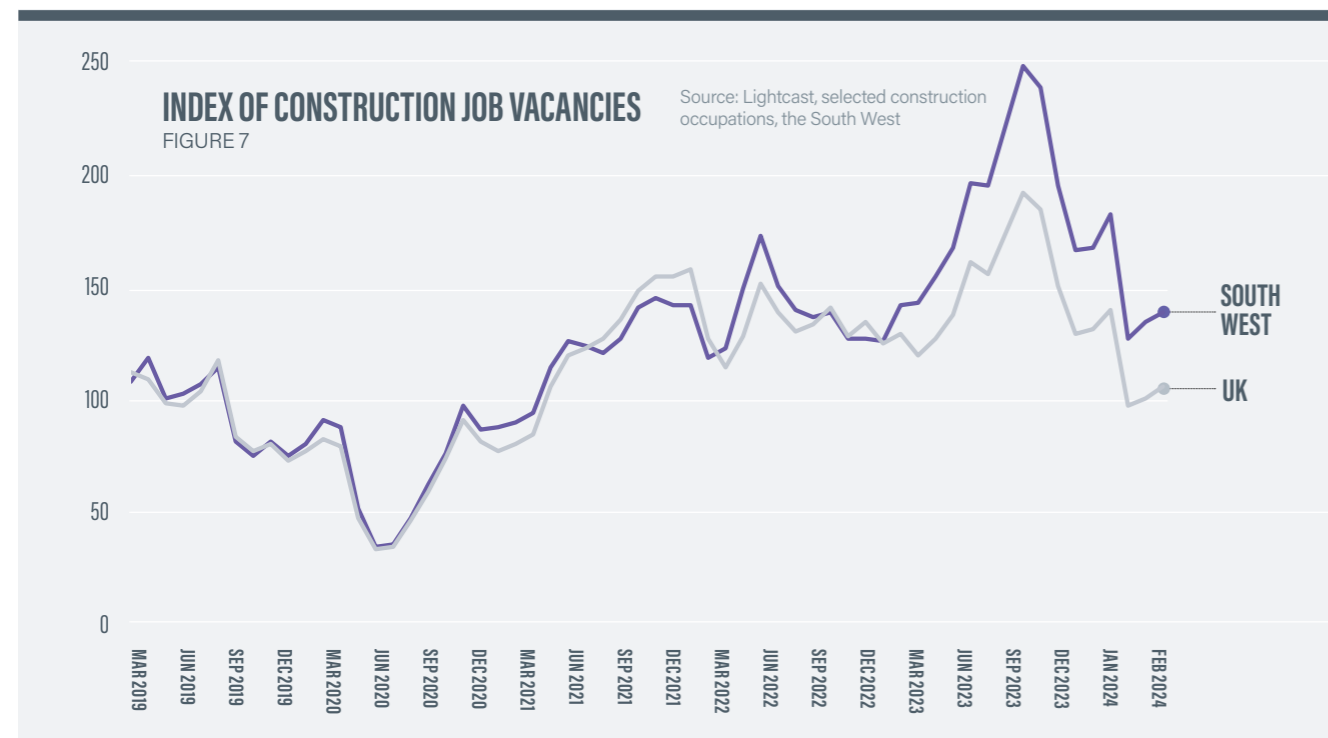
Training is an important aspect of staff development and recent trends aren't positive for construction.

Figure 8 shows construction apprenticeship starts in the South West picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 33% up on 2020/21, however, they dropped in 2022/23 by 8%. Indications are that 2023/24 will see a further drop in starts as half year numbers are down almost 4% compared to the same point in 2022/23. ■

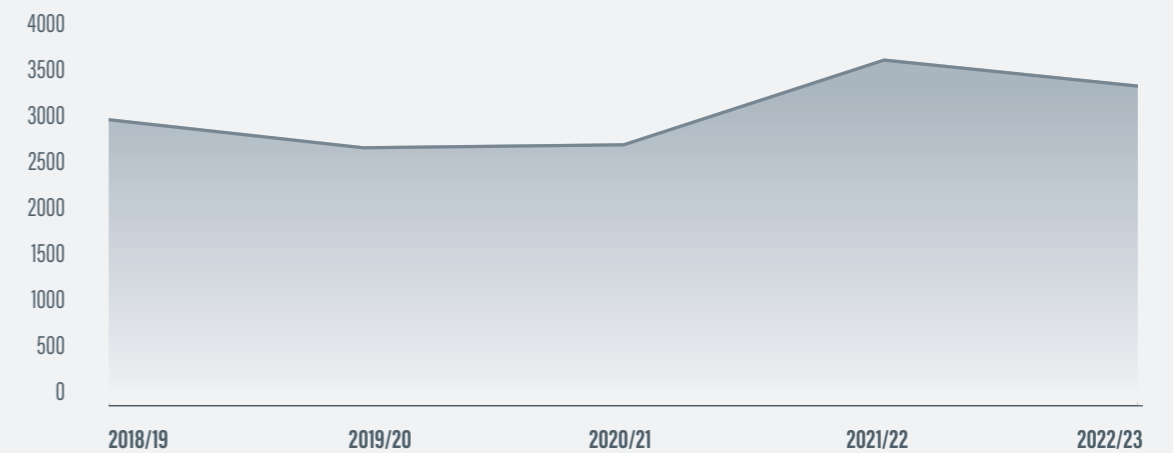
the number of certificates being issued, which hasn't really increased (see Figure 9).

- 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

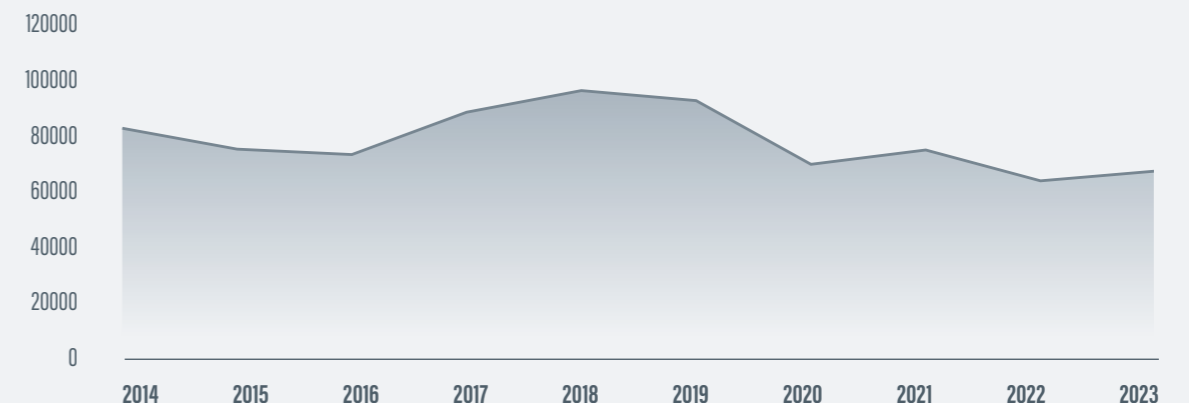
At a time when the construction industry needs additional workers, a drop in training being carried out will add to the challenges being faced by companies, and it is important for this to be addressed. ■



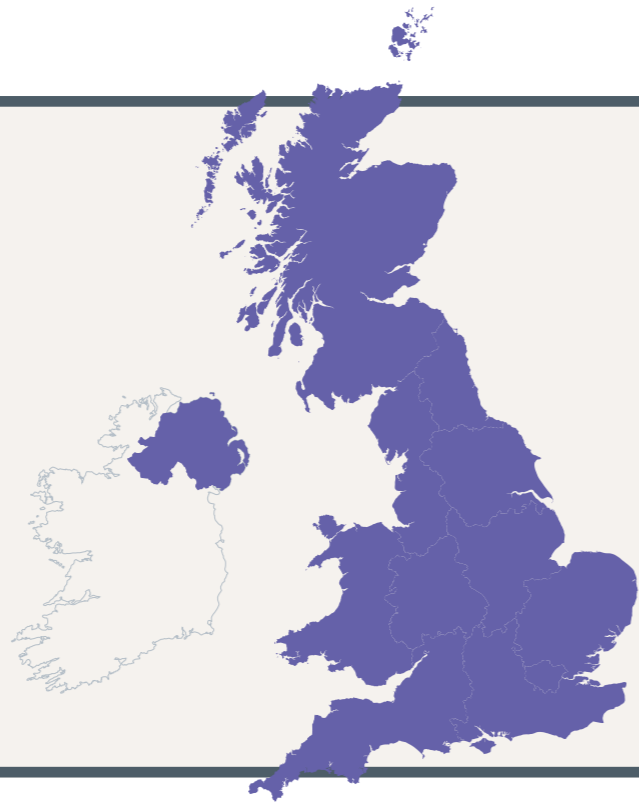
CONSTRUCTION APPRENTICESHIP STARTS IN THE SOUTH WEST, 2018/19 - 2022/23 (FIGURE 8)



CONSTRUCTION SECTOR QUALIFICATION CERTIFICATES ISSUED, LEVEL 2+, CERTIFICATES AND DIPLOMAS, EXCLUDING ELECTRICAL HEATING AND PLUMBING, ENGLAND, 2014 - 2023 (FIGURE 9)



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.

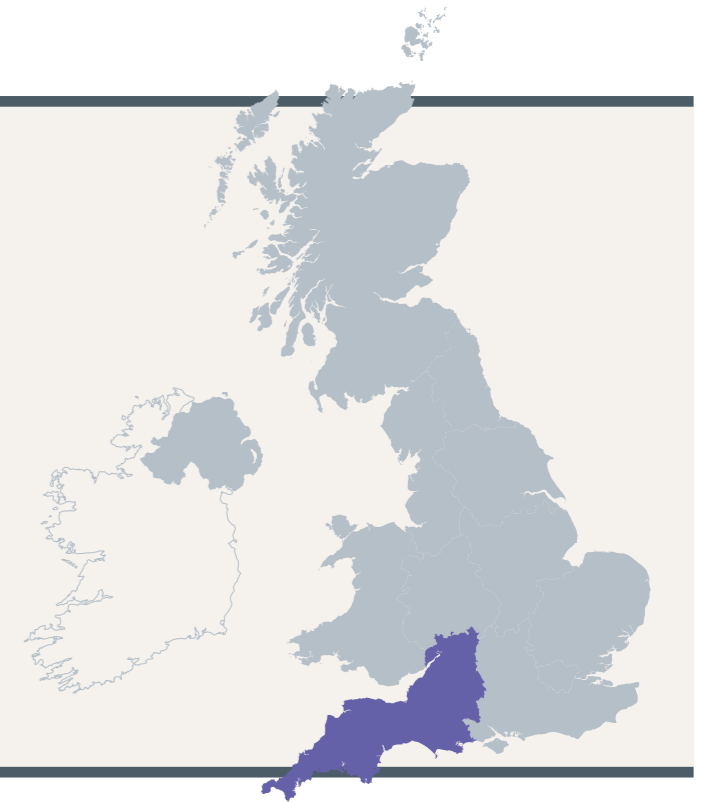
- **Develop a training and skills system to meet current and future needs:** updating standards, to ensure training delivers the skills industry needs, working with industry to develop a competence-based skills system that will provide more flexible routes in, and working with governments to influence 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 SOUTH WEST



In the South West, CITB will support the construction industry through:

- **Employer Networks and Training Groups:** Work collaboratively with local networks and training groups to support CITB registered employers to access high quality and cost-effective training. Two South West Employer Networks have supported approximately 100 employers with accessing over 300 free training courses, amounting to £250,000 of support for skills and training.

- **Local Skills Improvement Plans (LSIPs):** CITB is offering support to Employer Representative Bodies (ERBs) delivering LSIPs throughout England. CITB works collaboratively with employers, providers and stakeholders at a local level driving construction skills and training opportunities to meet current and future skills needs. By working closely with the ERBs and promoting employer engagement, CITB has helped to ensure that LSIPs identify construction as a priority sector. The work with the relevant ERBs will continue to ensure that industry voice is heard and translated into improved construction provision across the South West.

- **Net Zero and Retrofit:** CITB has developed effective relationships with net zero-focussed organisations, including: the South West Green Construction Advisory Panel, Bristol Housing Festival, West of England Combined Authority and Retrofit West. These relationships enable us to help employers access the skills and training they need to prepare for and achieve the government's targets around net zero.

- **Stakeholder Networks:** CITB will work with a number of Local Authority-led initiatives which include: Building Plymouth, Building Greater Exeter, Building Torbay, Building Bristol and Constructing BANES. Through mutual collaboration we help drive local Employment and Skills Plans across the region and develop effective relationships with local contractors and supply chains.

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 South West 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 almost 250,000 workers and contribute nearly £14bn

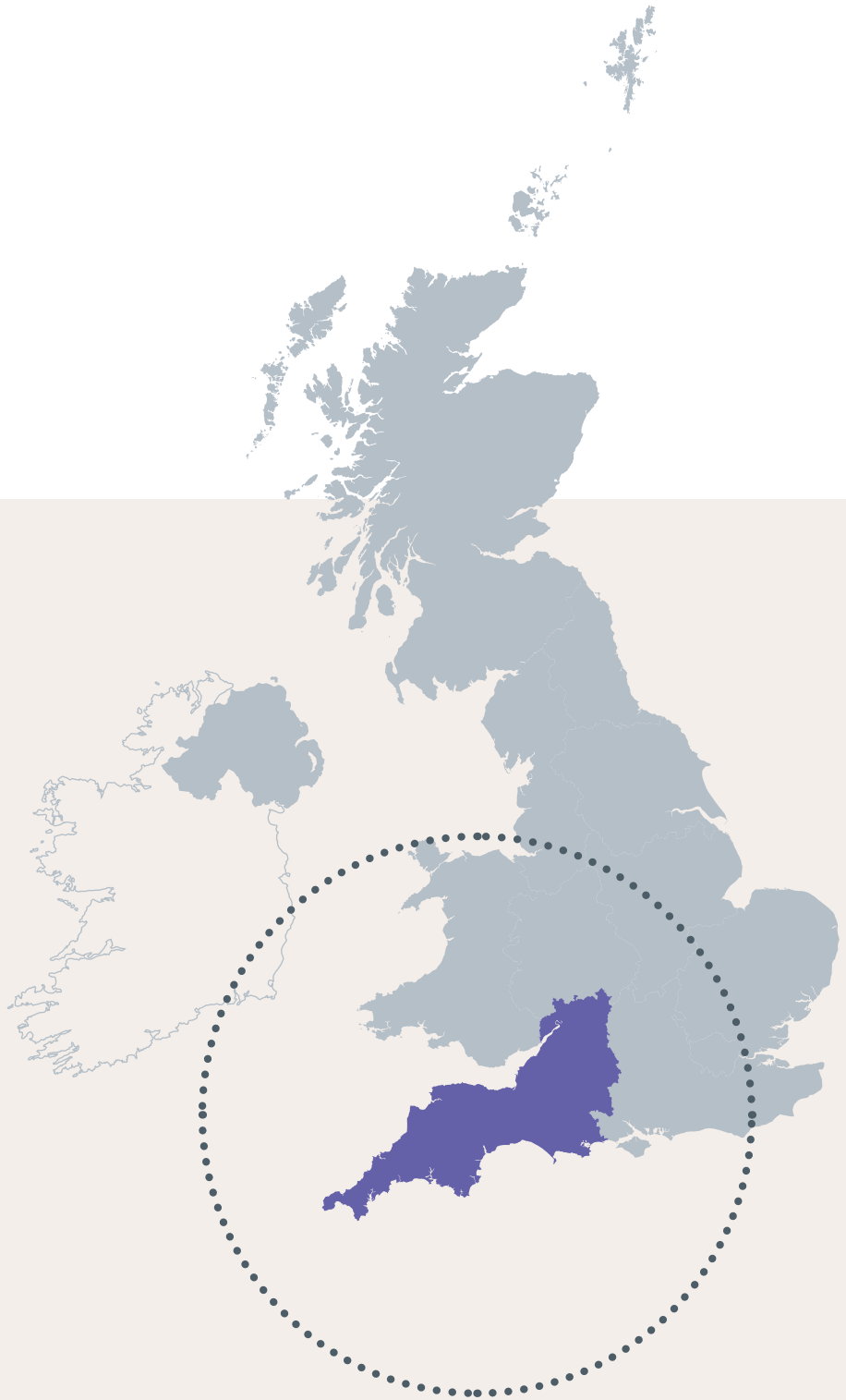
worth of output from an industry that accounts for 15% of all businesses that employ people in the region. ■



Annually the construction industry will continue to support

250k+ WORKERS

**SOUTH
WEST**



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