ConstructionSkills Network 2011-2015
Greater London

LABOUR MARKET INTELLIGENCE

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For more information about ConstructionSkills, please visit our website.

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.

1. Summary - Greater London

Construction output in Greater London is projected to grow at an annual average rate of 1.8% between 2011 and 2015, one of the strongest growth rates across the UK. It is also higher than the UK figure of 1%. The repair and maintenance (R&M) sector is expected to fare slightly better than new work, with average growth rates of 1.9% and 1.7% per year, respectively. Total construction employment is forecast to reach just over 358,400 in 2015, 7.8% higher than 2011's projected outturn and 6.7% above 2009's level.

Regional comparison 2011-2015

	Annual average % change in output	Growth in total employment	Total Annual Recruitment Requirement
North East	-0.4%	4,590	2,400
Yorkshire and Humber	-0.6%	7,670	2,510
East Midlands	0.9%	7,930	3,860
East of England	2.4%	21,900	5,220
Greater London	1.8%	10,720	4,190
South East	2.2%	19,560	5,440
South West	1.1%	4,970	3,920
Wales	1.2%	10,700	4,160
West Midlands	-0.5%	9,290	2,680
Northern Ireland	1.4%	4,140	1,050
North West	-0.6%	2,510	4,090
Scotland	1.0%	11,090	3,360
UK	**1.0%**	**115,070**	**42,880**

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

With projects including Crossrail, Thameslink and Thames Tideway, Infrastructure sector growth is forecast to average

7.2% per year from 2011-2015.

Key findings

The most buoyant sector over the forecast period is expected to be Infrastructure with a number of projects including Crossrail, Thameslink, Thames Tideway and various Underground station upgrades underway during the 2011-2015 period. Growth in the sector is forecast to average 7.2% per year. The commercial sector is also projected to fare well, with annual average growth of 6.2% as demand strengthens across a number of sub-sectors. A number of large office projects in the capital which had been mothballed over the past couple of years are now in the process of restarting, demonstrating developers' confidence in the London market.

Greater London's housing market has not been as badly affected by the recession as other regions and devolved nations. Easing credit conditions for both developers and potential buyers coupled with strong underlying demand are likely to drive growth in the sector over the forecast period. Output for private housing is forecast to increase at an annual average rate of 5.2%. In contrast, the public housing sector will be hit badly by the funding cuts announced in the Comprehensive Spending Review in 2010, and is expected to see average falls in output of 4.1% per year. Levels of funding have almost halved to £4.4bn for the 2011-2015 period and this pot of money is believed to be "back-end loaded" meaning that the sector is likely to be hit in the shorter term with some output growth expected towards the end of the forecast period.

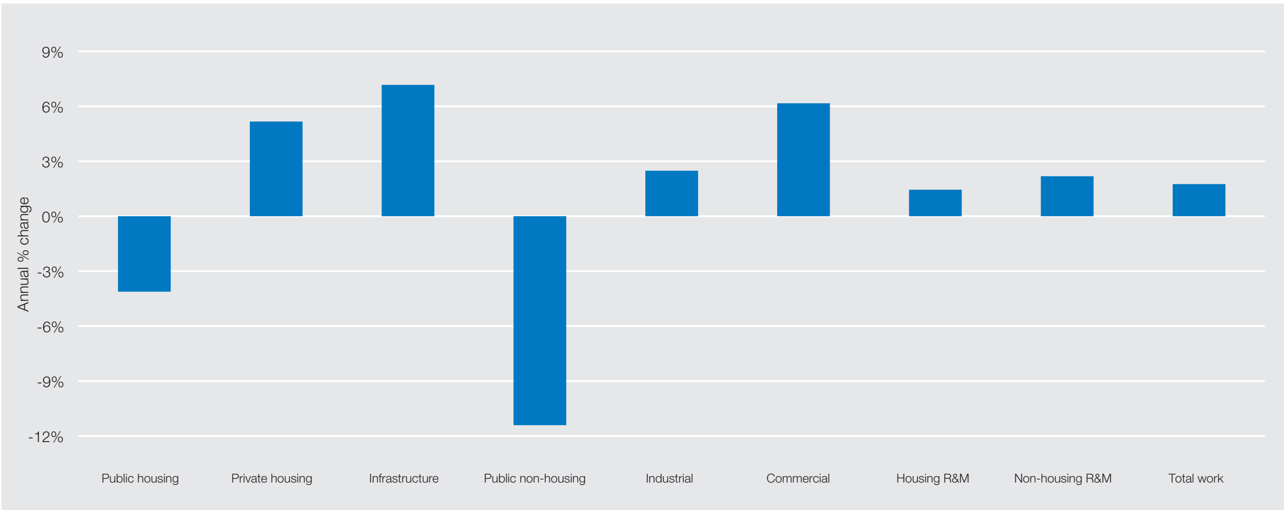
The public non-housing sector is projected to be the worst performing over the 2011-2015 period, with an annual average decline of 11.4%. A wide range of government spending cuts will impact on this sector throughout the forecast period, not least the axing of the Building Schools for the Future (BSF) programme. Around 150 post-Wave 4 schools projects have been scrapped in Greater London, with just 24 continuing unaffected.

Following a return to growth in 2010, the industrial sector is expected to see output rise by an average of 2.5% per year, although the outlook is brighter at the beginning of the forecast period. The sector is likely to benefit from an increase in demand for logistics and warehousing facilities, rather than any improvement in the manufacturing sector.

The largest trade occupation in Greater London in 2009 was wood trades and interior fit-out which accounted for 8.7% of total construction employment, a smaller proportion than in the UK as a whole (10.7%) and it is expected to remain the largest trade occupation over the forecast period. With an increase in employment of 3,100 between 2011 and 2015, construction managers are forecast to have the largest rise in construction-specific employment in absolute terms, however in percentage terms the strongest rises are forecast to be for logistics personnel (19%), with labourers nec*. in second place (18%) followed by scaffolders and plant operatives (16%). The ARR of 4,190 is equivalent to 1.3% of 2011 base employment.

Olympic Stadium. South East facing aerial view of the Olympic Stadium with the Aquatics Centre to the left. Taken on 11 Nov 10 by Anthony Charlton.

Annual average construction output growth 2011-2015 - Greater London



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

*nec - not elsewhere classified

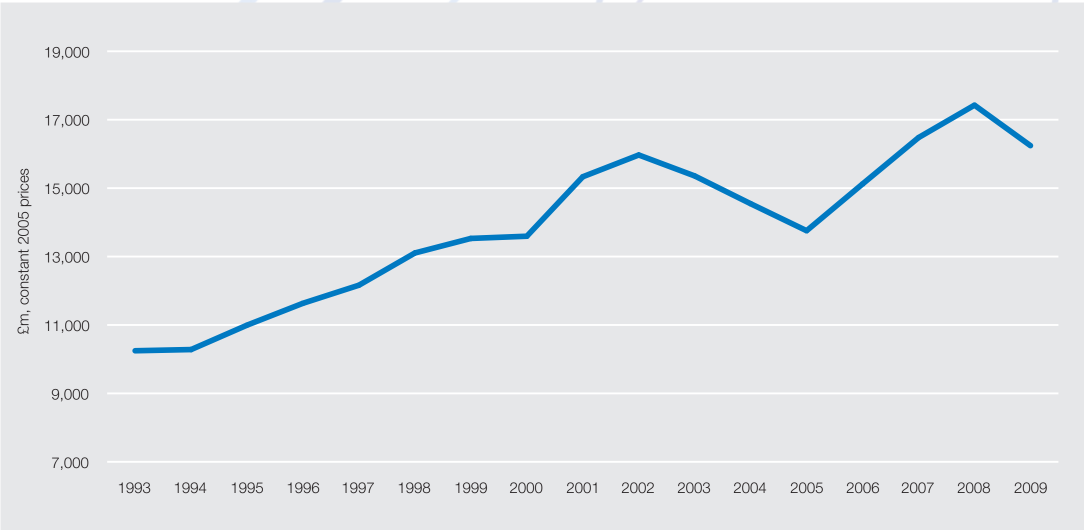
2. The outlook for construction in Greater London

2.1 Construction output in Greater London – overview

Total construction output in Greater London fell by 7% in 2009 to total £16.2bn in 2005 prices. This was the first decline in output for 5 years. The pace of contraction was the same across both the new work and R&M sectors.

There were significant variations in performance across the sectors with both the industrial and commercial sectors seeing marked contractions in output. Output in the industrial sector plummeted by 37% to a 15-year low of £165m, and the commercial construction sector saw a weaker decline of 25% which took output below the £4bn mark for the first time in 5 years. In contrast, the public non-housing sector saw output rise by 28%, a third successive year of double-digit growth. The infrastructure and public housing sectors also recorded growth during 2009.

Construction output 1993-2009 - Greater London



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

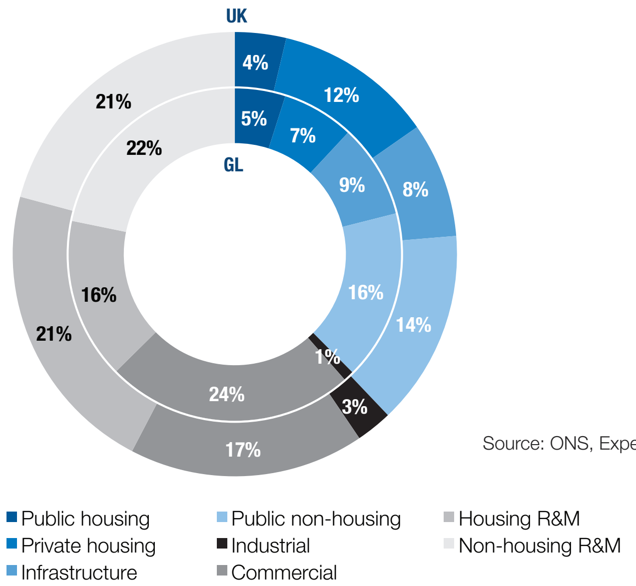
2.2 Industry structure

The diagram, Construction Industry structure 2009 – UK vs. Greater London, illustrates the sector breakdown of construction in Greater London compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

There are some major differences in the structure of Greater London's construction sector compared with the UK as a whole. The new work sector accounts for a larger proportion of total output at 62%, compared with a UK figure of 58%. Thus the R&M sector is relatively smaller.

At the sector level, the most significant difference is in the size of the commercial construction sector. In the UK it accounts for 17% of total construction output but 24% in Greater London. In contrast, the private housing sector takes a 7% share of total construction output in the capital but 12% in the UK as a whole. The industrial sector is also relatively smaller in Greater London accounting for just 1% of construction output compared with a national figure of 3%.

Construction industry structure 2009 - UK vs. Greater London (GL)



Source: ONS, Experian

Economic structure - Greater London (£ billion, 2006 prices)

Selected sectors	Actual	Forecast Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Public services	55.2	0.6	-0.5	-0.3	0.4	0.7	1.2
Financial and business services	101.4	3.9	4.9	5.2	5.2	4.8	4.8
Transport and communications	19.4	-0.7	2.0	2.5	2.5	2.8	2.9
Manufacturing	10.5	2.9	0.0	-1.0	-0.9	-0.8	-0.7
Distribution, hotels and catering	27.7	3.7	0.8	1.2	1.7	1.9	2.0
Total Gross Value Added (GVA)	**242.5**	**2.7**	**2.8**	**2.8**	**2.8**	**2.7**	**2.9**

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 provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

Gross Value Added (GVA) in Greater London contracted by 4.4% in 2009, the first decline in 7 years. Output contracted across all sectors, albeit only marginally in public services. GVA in the capital totalled £242.5bn (in 2006 prices) in 2009, 21% of UK output, broadly unchanged from 2008's share.

The largest sector in the capital's economy is financial and business services, which accounted for 42% of total GVA in 2009, below the previous year, but significantly above the UK average of 29%. The sector's share of total GVA in Greater London has increased significantly over the past two decades – in 1990 it took a 17% share, but this had increased to 30% by 2000. Output in this sector contracted by 6.4% in 2009, the first decline since 2002.

Consequently, the public services and distribution, hotels and catering sectors are relatively less important in the capital accounting for 23% and 11% of total GVA respectively, compared with the UK average of 28% and 16%.

2.5 Forward looking economic indicators

Greater London's economy is expected to have returned to growth in 2010 and is projected to expand in each year of the forecast period to 2015. GVA is forecast to rise at an annual average rate of 2.8%, stronger than the UK figure of 2%. The financial and business services sector is expected to be the most buoyant sector over the period, with an annual average growth rate of 4.8%.

Following an expected fall in 2010, real disposable incomes in the capital are forecast to rise in each year of the forecast period to 2015, albeit only weakly in 2011. This is in contrast to in the UK as a whole, where disposable incomes are projected to decline for 2 years before returning to growth in 2012 and rising in each year to 2015. High levels of inflation, weak wage increases and rising taxes during 2011 are putting disposable incomes under pressure in the shorter term.

In 2009, the debt-to-income ratio in Greater London was 1.6, in line with the UK average. It has been declining in the capital since a peak of almost 1.7 in 2007 and is expected to continue to fall until 2013, before seeing a negligible uptick in both 2014 and 2015. It is forecast to stand at 1.5 in 2015.

House prices in the capital rose substantially between 2001 and 2007, peaking at £329,191 (on the Department for Communities and Local Government's mix-adjusted measure). Following an estimated rise of 11.4% in 2010, annual house price inflation is expected to slow markedly to just 0.4% in 2011, as the housing market recovery falters with continuing tight credit conditions and economic uncertainty dampening demand. House price inflation is projected to strengthen over the remaining years of the forecast period.

Economic indicators - Greater London (£ billion, 2006 prices - unless otherwise stated)

	Actual	Forecast Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Real household disposable income	139	-1.4	0.1	1.5	2.1	2.5	2.6
Household spending	115	2.9	2.2	2.3	2.8	3.0	3.2
Debt:Income ratio	1.61	1.55	1.51	1.50	1.49	1.49	1.50
House prices (Index 2003 = 100)	126	140.0	140.6	144.2	150.1	156.7	163.5
LFS unemployment (millions)	0.36	0.38	0.42	0.43	0.41	0.40	0.38

Source: ONS, DCLG, Experian

Continued

2. The outlook for construction in Greater London

New work construction orders - Greater London (£ million, current prices)

	Actual	Annual % change				
	2009	2005	2006	2007	2008	2009
Public housing	774	17.3	39.1	-16.3	-15.8	10.0
Private housing	744	-15.5	32.3	-4.5	-17.6	-31.0
Infrastructure	2,239	3.8	47.8	25.8	13.2	39.0
Public non-housing	2,560	-2.8	4.4	58.8	78.9	-33.7
Industrial	104	19.8	100.9	-41.3	14.2	-71.2
Commercial	2,736	15.0	55.8	-4.1	-28.5	-52.7
Total new work	**9,157**	**7.4**	**45.6**	**2.1**	**-5.2**	**-31.6**

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

2.6 New construction orders – overview

Construction orders in Greater London dropped by 32% in 2009 to £9.2bn, in current prices. This was the lowest annual total since 2004.

The infrastructure and public housing sectors were the only two to see an increase in new orders in 2009. The former saw a 39% rise, whilst new public housing orders increased by a weaker 10%, following two successive years of double-digit decline.

The industrial sector continued to fare badly with new orders plummeting by a remarkable 71%, whilst the commercial sector saw orders drop by 53% to reach a 14-year low of just £2.7bn. Following exceptional growth in the previous two years, new public non-housing orders fell by 34% in 2009, the first fall in four years. Private housing new orders also saw a double-digit decline, dropping by 31% to a 9-year low of £744.

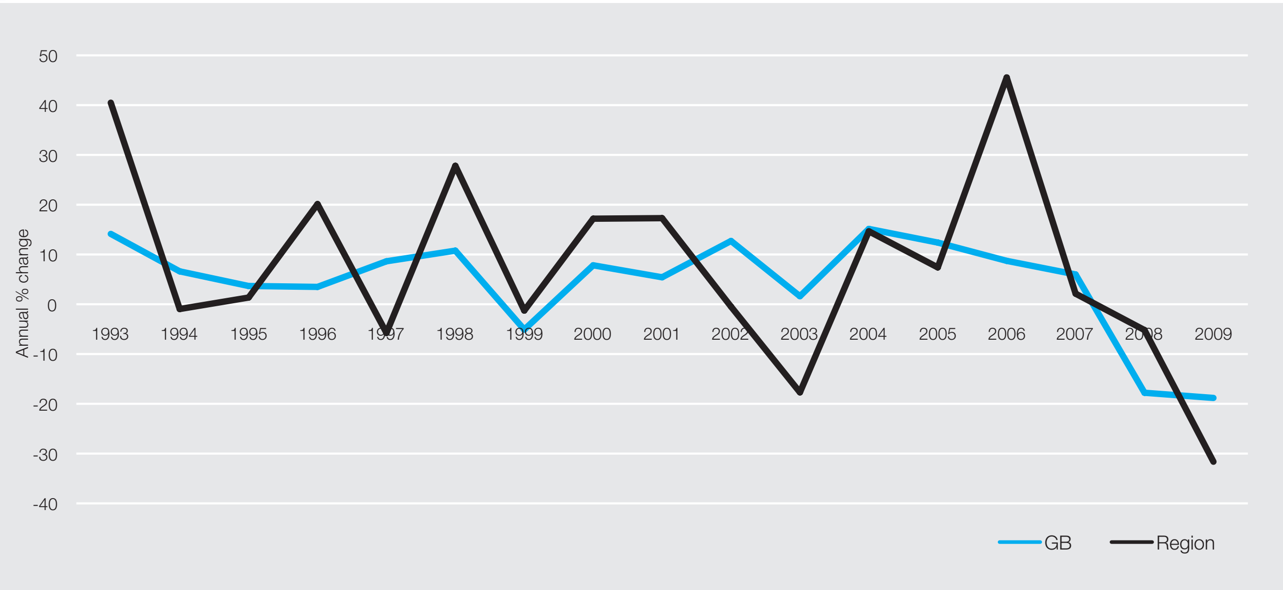
2.7 New construction orders – current situation

In the first half of 2010, new construction orders in Greater London totalled £5.7bn, in current prices, 21% higher than the corresponding period of 2009. They were also 26% higher compared with the previous half year.

Infrastructure new orders were particularly strong in the six months to June 2010, rising by 43%, year-on-year, to just under £2bn (current prices). They were also up by a substantial 126%, half-year-on-half year. Moreover, the outturn of £1.6bn in the three months to March 2010 was a record high. The strength of orders in the sector was not surprising considering that a number of contracts for Crossrail were let in the first half of 2010. New public housing orders also rose markedly, by 68%, year-on-year, and by 18% half-year-on-half-year. New orders for the sector in the first quarter of year reached a record high of £393m.

The latest new orders figures bode well for the industrial sector as orders more than trebled from a year earlier in the six months to June 2010. However, the small size of the sector, with new orders totalling just £105m in the first half of 2010, means that one relatively large order can distort the figures significantly. Following three successive years of decline, new commercial construction orders in the capital rose by 5%, year-on-year, in the six months to June 2010, and were 14% higher than the second half of 2009. In contrast, public non-housing new orders continued to decline in the six months to June 2010, falling by 11% year-on-year and by 27% half-year-on-half-year.

New construction orders growth 1993-2009 - Greater London vs. GB



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

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2.8 Construction output – short-term forecasts (2011–2012)

Regional Office for 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 2010.

Construction output in Greater London totalled £9.9bn, in current prices, in the six months to June 2010, 2.7% above the corresponding period of 2009 and 3.7% higher half-year-on-half-year. Output in the new work sector rose by 9%, year-on-year, during the same period, underpinned by a particularly strong performance from the infrastructure sector. The R&M sector also saw output increase, by a slightly weaker 6%, year-on-year, but output was a marginal 0.3% lower half-year-on-half-year.

Following an estimated double-digit increase in 2010, construction output in Greater London is expected to stagnate in 2011 before weak growth of 1% in 2012. The R&M sector is forecast to fare slightly better than new work in the shorter term, with annual average growth rates of 0.6% and 0.4%, respectively.

Sectoral performances are expected to vary significantly, with the infrastructure sector set to see an average increase of 11.2% per year whilst the public housing sector is forecast to see an annual average decline of 16%. Crossrail is just one of the large infrastructure projects currently underway in the capital, with work also continuing on Thameslink and a number of London Underground schemes. The public housing sector has benefitted strongly from the Kickstart Housing Delivery programme, along with the private housing sector, but the output stream from this will begin to tail off during 2011.

The private housing sector is also expected to fare well in the short term, with an average growth rate of 7.7% in both 2011 and 2012. Credit conditions will continue to ease which is likely to facilitate credit for both housing developers and potential buyers. The industrial and commercial sectors are both expected to see average annual growth rates of around 7% in the shorter term, as demand begins to recover and work restarts on stalled sites.

Construction output - Greater London (£ million, 2005 prices)

	Actual 2009	Forecast annual % change			Annual average 2011-2012
		2010	2011	2012	
Public housing	799	41%	-18%	-14%	-16.0%
Private housing	1,138	11%	4%	12%	7.7%
Infrastructure	1,481	43%	14%	9%	11.2%
Public non-housing	2,678	16%	-8%	-22%	-15.4%
Industrial	165	16%	6%	8%	7.0%
Commercial	3,906	3%	4%	10%	6.9%
New work	**10,168**	**16%**	**0%**	**0%**	**0.4%**
Housing R&M	2,535	4%	-2%	1%	-0.5%
Non-housing R&M	3,539	-4%	0%	3%	1.5%
Total R&M	**6,074**	**-1%**	**-1%**	**2%**	**0.6%**
Total work	**16,242**	**10%**	**0%**	**1%**	**0.5%**

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

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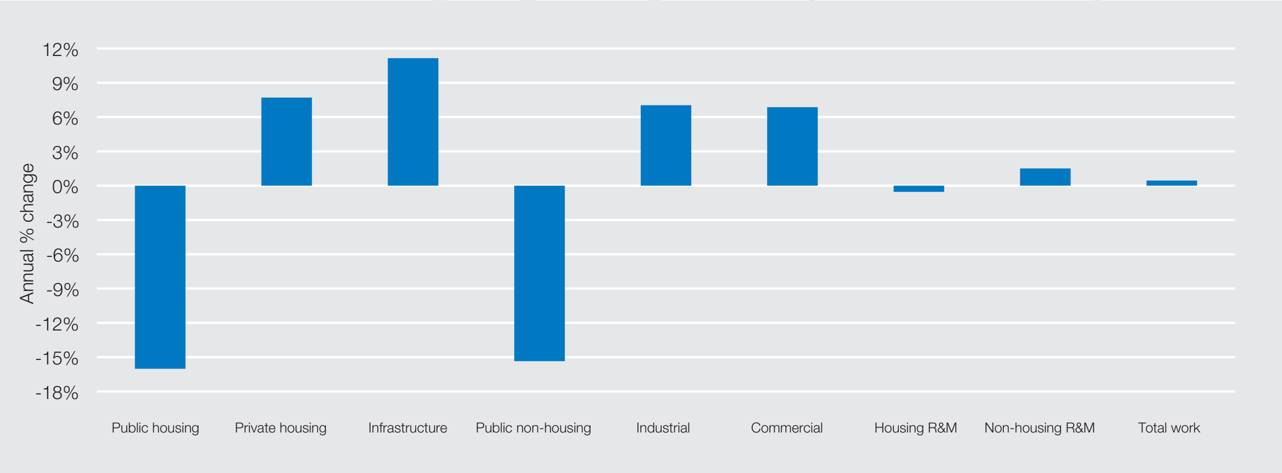
2. The outlook for construction in Greater London

Annual average construction output growth 2011-2012 - Greater London



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

2.9 Construction output – long-term forecasts (2011–2015)

Over the longer term, construction output in Greater London is forecast to rise at an average rate of 1.8% per year. This is stronger than the UK figure of 1% and places the capital in third place in the growth table of all the regions and devolved nations. The R&M sector is expected to see an annual average growth rate of 1.9% between 2011 and 2015, slightly stronger than the new work sector which is projected to see output rise at an average rate of 1.7% per year.

The infrastructure sector is forecast to be the most buoyant over the 2011-2015 period, with an annual average growth rate of 7.2%. Schemes such as Crossrail, Thameslink, Thames Tideway, Heathrow Terminal East and a number of Underground station upgrades all contribute to the capital's infrastructure sector outperforming the UK average (4.4%) over the forecast period. The commercial sector is also expected to fare well, with output rising at an average rate of 6.2% over the forecast period. Demand for offices is strengthening and a number of developers are demonstrating their confidence in the London market by restarting a number of high profile projects that had been mothballed over the past couple of years. The so-called "Shard of Glass" is now well into its main construction phase and will continue through to 2012, while work is in the process of restarting on Leadenhall Tower, the 'Cheesegrater' and 20 Fenchurch Street, the 'Walkie-Talkie' Tower, two very large office projects.

Average growth of 5.2% per year is forecast for the private housing sector. The housing market in Greater London has held up much better than across the UK as a whole, with two years of much weaker falls in output. Going forwards, strong underlying demand, easier access to credit for both house builders and potential buyers, and inward migration are all expected to contribute to the positive outlook for the sector. Industrial construction output is also forecast to rise over the 2011-2015 period, but at a much weaker pace, averaging just 2.5% per year. The industrial sector is projected to return to growth in 2010 and output is expected to continue to rise in the following two years, largely on the back of some expansion in demand for distribution and logistics facilities rather than for new manufacturing premises. However, the sector is projected to see output stagnate in 2013 and experience marginal falls in the remainder of the forecast period.

Output in the public housing sector is forecast to decline at an average rate of 4.1% per year. Funding levels for social housing in England have been cut significantly - £8.4bn was available under the 2008-2011 National Affordable Housing programme (NAHP) compared with £4.4bn for the 2011-2015 period, therefore every region will be affected by these funding cuts. Greater London will see just two years of falling output, 2011 and 2012, before growth returns in 2013 but output levels in 2015 will still be significantly below 2010's peak. Over the 18 months to September 2010 there were just under 19,400 public housing units started with funding from the 2008-2011 NAHP and 224 with funding from Kickstart. During the same period, there were around 16,500 public housing units completed under the 2008-2011 NAHP.

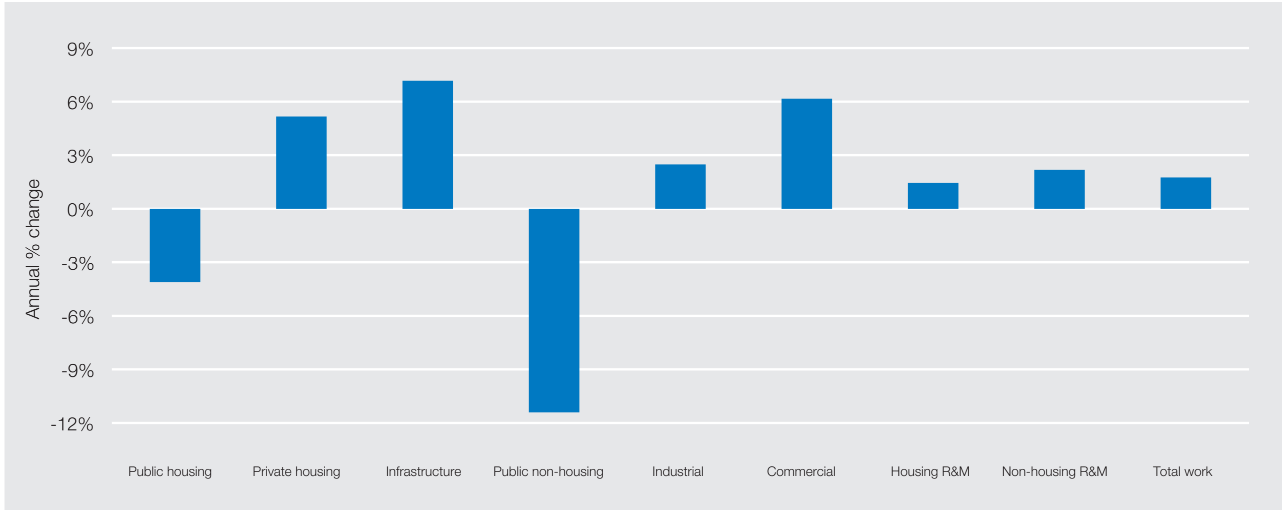
The public non-housing sector is projected to be the worst performing over the 2011-2015 period, with output forecast to fall at an average annual rate of 11.4%. One of the main reasons for this is the axing of the Building Schools for the Future (BSF) programme. This has led to nearly 150 post-Wave 4 projects in the capital being scrapped, with just 24 going forwards unaffected.

Construction output - Greater London (£ million, 2005 prices)

	Estimate 2010	Forecast annual % change 2011	2012	2013	2014	2015	Annual average 2011-2015
Public housing	1,125	-18%	-14%	8%	1%	6%	-4.1%
Private housing	1,259	4%	12%	4%	4%	3%	5.2%
Infrastructure	2,119	14%	9%	5%	5%	3%	7.2%
Public non-housing	3,115	-8%	-22%	-16%	-10%	0%	-11.4%
Industrial	191	6%	8%	0%	-1%	-1%	2.5%
Commercial	4,031	4%	10%	8%	6%	4%	6.2%
New work	**11,840**	**0%**	**0%**	**2%**	**2%**	**3%**	**1.7%**
Housing R&M	2,626	-2%	1%	3%	3%	3%	1.4%
Non-housing R&M	3,391	0%	3%	2%	3%	3%	2.2%
R&M	**6,017**	**-1%**	**2%**	**2%**	**3%**	**3%**	**1.9%**
Total work	**17,857**	**0%**	**1%**	**2%**	**3%**	**3%**	**1.8%**

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

Annual average construction output growth 2011-2015 - Greater London



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

2.10 Beyond 2015

There are a number of longer term projects in the capital which will continue beyond the current forecast period. Work on Crossrail is expected to continue until at least 2018, although there are indications that the project may not finish until after this date. The main construction work on the Thames Tideway scheme is due to start in 2012 and last at least 8 years, whilst there are a number of further station upgrades planned post-2015.

Energy efficiency measures and retrofitting are likely to become relatively more important for the construction sector in the UK as a whole, including in Greater London, with the Green Investment Bank and other investment measures expected to boost levels of retrofitting work. However, there are problems in the capital as there will be in most large urban areas, about the appropriateness of many renewable technologies, which often require significant areas free from obstruction and relatively large ground spaces to function effectively. This is especially true in tightly packed city centres.

3. Construction employment forecasts for Greater London

3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in Greater London for 2009, the forecast total employment in 26 occupational groups and in the industry as a whole between 2011 and 2015. A full breakdown of occupations is provided in CSN Explained.

Total construction employment, including SIC 45 and 74.2, in Greater London is forecast to rise to 358,450 in 2015. This is 7.8% higher than 2011's projected total and 6.7% higher than the outturn for 2009. Following a rise in employment in 2010, it is expected to decline again in 2011 before rising in the remaining years of the forecast period as growth returns to the more labour-intensive R&M sectors.

The largest trade occupation in Greater London was wood trades and interior fit-out, accounting for 8.7% of total construction employment. It is predicted to increase by 5.8% to 30,850 between 2011 and 2015. However, its share of total employment will remain largely unchanged from 2009.

Logistics personnel (19%), labourers nec. (18%) scaffolders and plant operatives (16%) are the construction-specific occupations expected to see the largest increases in employment between 2011 and 2015. The skills possessed by these workers can be applied across many construction sectors and thus they will be less affected by declining activity in one. Due to the small relative size of the occupational groups the increases in their employment are not particularly large in absolute terms.

In absolute terms, the largest increases in construction-specific employment are expected to be for construction managers (3,100); labourers nec*. (2,290); wood trades and interior fit out (1,700); and painters and decorators (1,660). The smallest increases are for glaziers (20), floorers (90) and specialist building operatives nec* (140).

Total employment by occupation - Greater London

	Actual 2009	Forecast	
		2011	2015
Senior, executive, and business process managers	19,430	19,540	21,430
Construction managers	37,190	36,990	40,090
Non-construction professional, technical, IT, and other office-based staff	39,720	40,120	43,340
Wood trades and interior fit-out	29,300	29,150	30,850
Bricklayers	4,090	4,180	4,380
Building envelope specialists	16,660	16,270	17,020
Painters and decorators	19,920	20,710	22,370
Plasterers and dry liners	3,780	3,970	4,420
Roofers	3,990	3,870	4,070
Floorers	1,890	1,900	1,990
Glaziers	2,600	2,330	2,350
Specialist building operatives nec*	6,020	5,550	5,690
Scaffolders	3,120	2,830	3,290
Plant operatives	3,720	3,600	4,170
Plant mechanics/fitters	3,370	3,530	3,810
Steel erectors/structural	3,350	3,570	3,960
Labourers nec*	14,160	12,840	15,130
Electrical trades and installation	27,500	28,240	29,520
Plumbing and HVAC Trades	24,140	22,680	23,320
Logistics	4,830	4,710	5,610
Civil engineering operatives nec*	6,300	5,520	6,300
Non–construction operatives	5,610	5,410	6,440
Civil engineers	8,300	7,150	7,420
Other construction professionals and technical staff	22,020	22,420	24,220
Architects	13,420	12,960	13,800
Surveyors	11,600	12,330	13,460
Total (SIC 45)	**280,690**	**277,510**	**299,550**
Total (SIC 45 and 74.2)	**336,030**	**332,370**	**358,450**

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 annual recruitment requirement (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. Thus, the ARR 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 between 2011 and 2015 for the 26 occupational groups within Greater London's construction industry is illustrated in the table. The ARR of 4,190 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, excluding training flows.

The largest construction-specific ARR is for building envelope specialists and plant operatives at 430, each accounting for 10.3% of the total. In terms of proportion of base 2011 employment, the highest ARR is also plant operatives (11.9%) in addition to steel erectors/structural personnel (10.1%). The high requirement for plant operatives is not real surprise given that such plant-intensive projects such as Crossrail will be on site during the forecast period.

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 significant 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.

Annual recruitment requirement by occupation - Greater London

	2011-2015
Senior, executive, and business process managers	800
Construction managers	130
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	350
Bricklayers	60
Building envelope specialists	430
Painters and decorators	150
Plasterers and dry liners	170
Roofers	-
Floorers	130
Glaziers	110
Specialist building operatives nec*	110
Scaffolders	<50
Plant operatives	430
Plant mechanics/fitters	<50
Steel erectors/structural	360
Labourers nec*	240
Electrical trades and installation	110
Plumbing and HVAC Trades	-
Logistics	<50
Civil engineering operatives nec*	<50
Non–construction operatives	-
Civil engineers	310
Other construction professionals and technical staff	-
Architects	-
Surveyors	210
Total (SIC 45)	**3,670**
Total (SIC 45 and 74.2)	**4,190**

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

*nec - not elsewhere classified

4. Comparisons across the UK

An annual average growth rate of 1.8% between 2011 and 2015 puts Greater London towards the top of the growth table of all the regions and nations.

Public expenditure cuts announced in the 2010 Emergency Budget and the subsequent Spending Review in October will inevitably have a negative effect on public non-housing output across the UK. However, by how much the different regions will be affected will largely depend on their level of exposure to the BSF programme. Those regions with a larger number of BSF schemes in the early part of the programme (Waves 1-4), which have mostly escaped cancellation, will see a much higher fall off in activity once those projects are completed than those with relatively few schemes. Greater London, with a fairly large number of schemes affected by the axing of the BSF programme, is forecast to see output decline at an average annual rate of 11.4%, only slightly weaker than the UK figure of 12.4%.

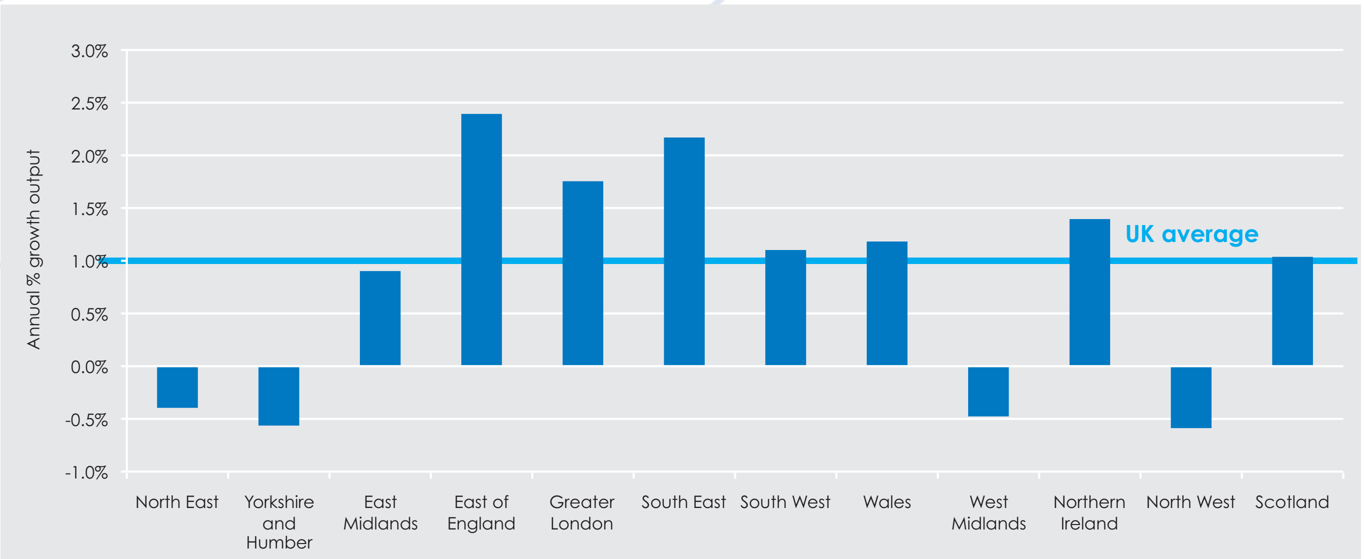
The public housing sector has been hit hard by the cuts in government expenditure going forward, with only £4.4bn available for the English regions between 2011 and 2015, compared with the £8.4bn funding through the 2008-11 National Affordable Housing Programme. Our forecasts suggest that the UK as a whole will decline at an annual average rate of 5.6% over the 2011-2015 period, although the North East and the East Midlands are expected to significantly underperform with double-digit contractions. The former has a relatively small public housing sector and has done well out of allocations in the recent past, although this means that it has a larger distance to fall upon fiscal retrenchment. In the case of the latter, output is predicted to contract over each of the forecast years, making the region the weakest in the UK. The average fall of 4.1% per year in the capital is weaker than the UK figure as underlying demand for key worker housing in London is likely to help RSLs working in the region in their efforts to raise financing from private sources.

On a more positive note, the private housing sector should be the strongest performer in UK construction, with an annual average rate of increase of 6% between 2011 and 2015 – well above the industry average of 1%. Yorkshire and Humber's sector is likely to be especially buoyant, with a growth rate of 9.7%. Greater affordability in the region, as the house price to earnings ratio is expected to remain below the national average and it will be easier access to mortgage finance, will be vital in driving growth. Greater London's private housing sector has proved more resilient during the recession and thus is expected to see a marginally weaker increase at 5.2% per year, on average.

In the UK, both the infrastructure and industrial sectors are predicted to grow at an annual average rate of 4.4% over the five years to 2015. Greater London has a number of large transport projects, the biggest of which are Crossrail (worth an estimated £14.6bn on revised figures) and the £5.5bn Thameslink scheme (although there are other sizeable infrastructure schemes such as Thames Tideway, Heathrow Terminal East and various Underground station upgrades). Large transport schemes can dictate demand for distribution facilities, such as warehouses, hence the strength of industrial construction growth in the East of England at 9% a year to 2015 on the back of the construction of the new London Gateway port.

Employment growth in the region between 2011 and 2015 is predicted to be in line with the UK, increasing by 7.8%. At 4,190, the annual recruitment requirement over the forecast period is equivalent to 1.3% of base 2011 employment, one of the weakest across the UK. In the past Greater London has benefited from a high level of net inflow from other UK regions and devolved nations, reducing the requirement for recruitment over and above the natural flows.

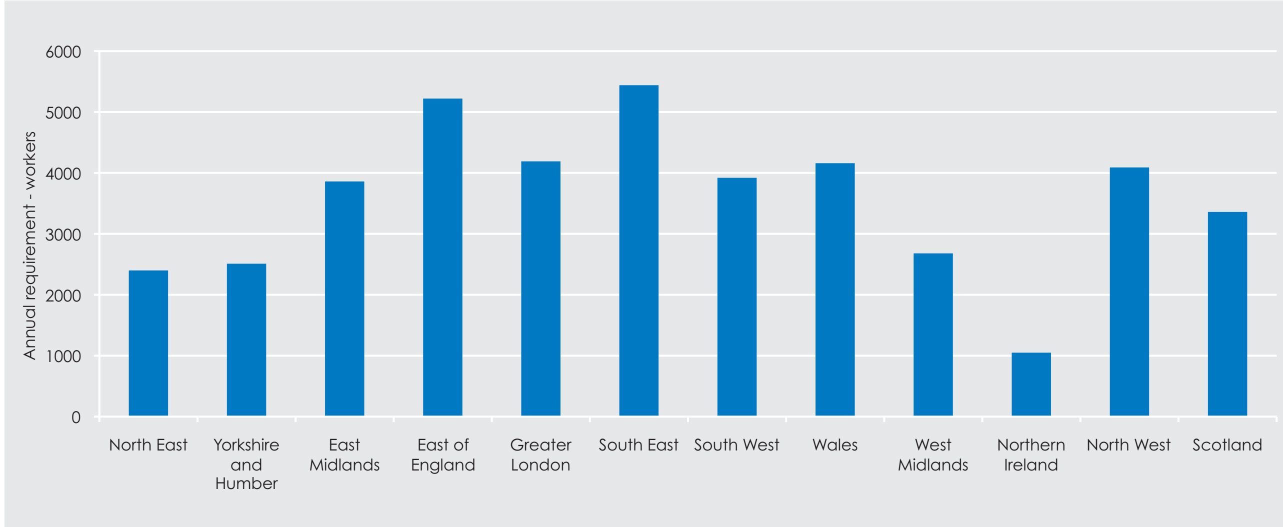
Annual average output growth by region 2011-2015



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

Greater London construction output projected to grow at an annual average rate of 1.8% between 2011 and 2015, one of the strongest rates across the UK

Annual recruitment requirement (ARR) by region 2011-2015



Source: CSN, Experian

Granary and New Studio Building

At 7.8% employment growth between 2011 and 2015 Greater London is forecast to be in line with the UK.

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Alliance Sector Skills Councils