



# ConstructionSkills Network 2011-2015 South West

LABOUR MARKET INTELLIGENCE





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## Labour Market Intelligence

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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.

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# 1. Summary - South West

Construction output in the South West is projected to grow at an average rate of 1.1% per year, marginally better than for the UK as a whole (1%). The pace of increase in activity is expected to be similar across both the new work and repair and maintenance (R&M) sectors. Total construction employment in the region is forecast to reach 204,540 in 2015, 8% higher than the projected total in 2011 but still 16% lower than 2008's peak 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
<b>UK</b>	<b>1.0%</b>	<b>115,070</b>	<b>42,880</b>

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



Construction output in the South West is projected to grow at an average rate of **1.1%** per year

## Key findings

The infrastructure sector is expected to be the most buoyant construction sector in the South West over the 2011-2015 period, with average growth of 8% per year. Main construction works are due to start on Hinkley Point C nuclear power station towards the end of 2013, and this will be the main driver of growth over the forecast period, with few other major infrastructure projects in the region.

In contrast, the public housing and non-housing sectors are expected to see output decline during most of the forecast period. The public non-housing sector, with an annual average decline of 9.1%, is not projected to be as badly affected as some other regions and devolved nations due to its limited exposure to the Building Schools for the Future (BSF) programme. The public housing sector – expected to decline at an average rate of 6.5% per year – will be affected by the significant cuts to funding announced in the Comprehensive Spending Review last Autumn, with half the levels of funding available for public housing in England over the 2011-2015 period (£4.4bn) compared with the 2008-2011 National Affordable Housing programme.

The private housing sector, on the other hand, is expected to see moderate growth of 5.5% per year on average, with output in the sector projected to rise in each year of the forecast period. Credit conditions will continue to ease, facilitating access to mortgages and making obtaining finance less difficult for housebuilders. Gradually improving conditions in the wider economy will also boost demand for housing.

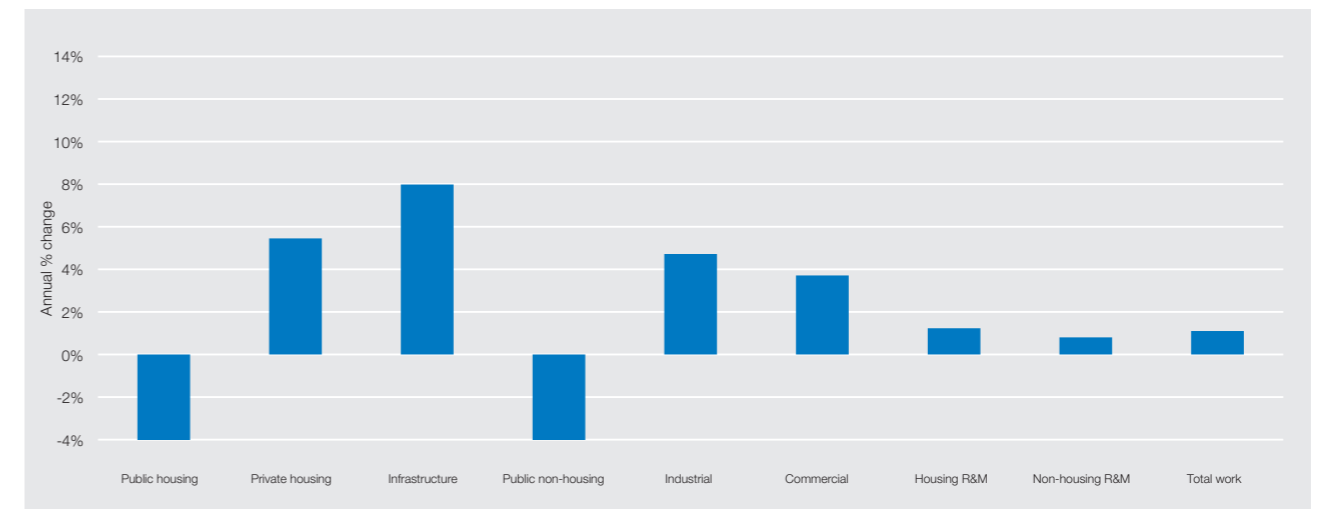
Growth in industrial construction output is also expected in each year of the forecast period to 2015. Following a strong bounceback from very low levels in 2011, output will rise at more modest rates during the later years of the 2011-2015 period. Improving conditions in the manufacturing sector are likely to drive demand for new facilities. The commercial sector is projected to see annual average

growth of 3.7% over the 2011-2015 period, boosted by work on the £430m Southmead Hospital in Bristol and also by improving demand for commercial and retail facilities.

Wood trades and interior fit-out was the largest trade occupation in the South West in 2009, accounting for 10.3% of total construction employment, and is expected to remain so over the forecast period. This occupation is projected to see the largest increase in construction-specific employment in absolute terms at 1,410 but in percentage terms the strongest increases in employment are projected to be for logistics personnel and labourers nec. (20%). The ARR of 3,920 is equivalent to 2.1% of 2011 base employment.



## Annual average construction output growth 2011-2015 - South West



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



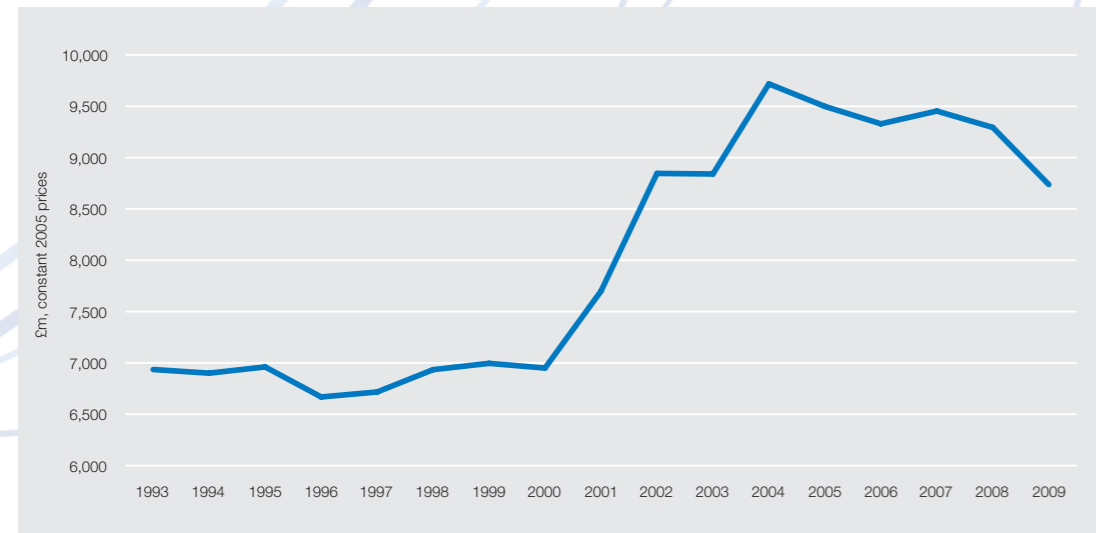
## 2. The outlook for construction in the South West

### 2.1 Construction output in the South West – overview

Total construction output in the South West fell by 6% to £8.7bn (in 2005 prices) in 2009 – the fourth decline in the past 5 years. The outturn in 2009 was the lowest for 8 years. New work output fell by 9%, while the repair and maintenance (R&M) sector saw a weaker decline of 2%.

Across the sectors, performances varied significantly in 2009. Output in the public non-housing sector jumped by 60% to a record high of £1.1bn and the public housing sector also saw a double-digit increase as output rose by 35%. In contrast, output in the industrial sector declined by 30% and the private housing sector saw a 27% contraction.

### Construction output 1993-2009 - South West



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

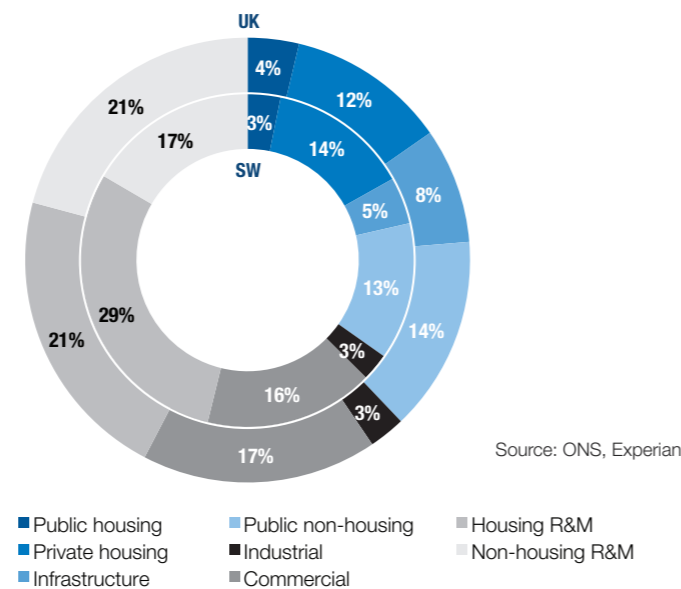
### 2.2 Industry structure

The diagram, Construction Industry structure 2009 – UK vs. South West, illustrates the sector breakdown of construction in the South West 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 quite substantial differences in the structure of the South West's construction sector compared with the UK as a whole. The region's new work sector accounts for a slightly smaller share of total construction (54%) compared to the UK average (58%).

Looking at the individual sectors, the infrastructure sector accounts for just 5% of total construction output in the South West, compared with a figure of 8% in the UK as a whole. The non-housing R&M sector is also smaller in the region than the UK average, accounting for 17% of total construction output compared with 21%. In contrast, the housing R&M sector is the largest construction sector in the region, accounting for 29% of total output. This compares to 21% in the UK as a whole.

### Construction industry structure 2009 - UK vs. South West (SW)



Source: ONS, Experian

- Public housing
- Public non-housing
- Housing R&M
- Private housing
- Industrial
- Non-housing R&M
- Infrastructure
- Commercial

### Economic structure - South West (£ billion, 2005 prices)

Selected sectors	Actual	Forecast					
	2009	Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Public services	23	0.9	-0.2	0.2	0.9	1.0	1.4
Financial and business services	18	0.7	1.7	3.1	3.3	3.0	3.6
Transport and communications	6	-0.3	1.7	2.3	2.5	2.8	3.0
Manufacturing	11	4.0	2.1	1.7	1.5	1.5	1.6
Distribution, hotels and catering	13	2.4	1.1	1.7	2.1	2.1	2.2
<b>Total Gross Value Added (GVA)</b>	<b>88</b>	<b>1.3</b>	<b>1.3</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>	<b>2.0</b>

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 (2011 – 2015) provides an indication of the construction sectors in which demand is likely to be strongest.

### 2.4 Economic structure

In 2009 the South West's economy contracted for the second successive year, declining by 3.8% to £88.1bn (in 2006 prices). The region accounted for 7.6% of total UK Gross Value Added (GVA), broadly unchanged from 2008's share.

The largest sector in the South West was the public services sector, which took a 26% share of total GVA in 2009, up from 25% in 2008. However, its sector share has been gradually decreasing over the past decade or so, having accounted for 30% throughout the 1990s. Nevertheless it was the only sector to see any growth in 2009, albeit only a negligible 0.2%.

The financial and business services sector accounted for 20% of total GVA in the region in 2009, a slight fall from 21% in the previous year. This was significantly smaller than the 29% share in the UK economy as a whole.

GVA in the South West is estimated to have grown by 1.3% in 2010, with manufacturing the most buoyant sector, with output increasing by 4%.

### 2.5 Forward looking economic indicators

After returning to growth in 2010, GVA in the South West is forecast to rise in each year of the 2011-2015 period, with the pace of increase strengthening slightly throughout the period. However, the annual average growth rate of 1.7% over the 2011-2015 period is weaker than the UK figure of 2%. The financial and business services sector is projected to be the best performing, with the distribution, hotels and catering sector also expected to fare well.

Real disposable income is estimated to have declined by 1% in 2010, as high levels of inflation eroded spending power and wage increases remained more muted. A further marginal fall is forecast for 2011 before real incomes start to rise again in 2012. Real income growth will strengthen over the forecast period, rising by 2.5% in 2015.

The debt-to-income ratio in the South West stood at 2.2 in 2009, above the UK figure at 1.6. It is expected to fall in each year of the forecast period reaching 1.8 by 2015, remaining higher than the UK average of 1.4 but closing the gap.

Consumer spending in the South West declined by 2.6% in 2009, but there was an uptick in 2010 and growth is estimated at 0.5% for the year. Consumers will remain under pressure in the short term, with the VAT increase, rising taxes and falling real disposable incomes reducing spending power and the pace of increase in consumer spending will remain subdued. Growth will strengthen towards the end of the forecast period, reaching 1.6% by 2015.

### Economic indicators - South West (£ billion, 2006 prices - unless otherwise stated)

	Actual	Forecast					
	2009	Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Real household disposable income	73	-1.0	-0.1	1.1	1.6	2.2	2.5
Household spending	76	0.5	0.7	1.1	1.3	1.5	1.6
Debt:Income ratio	2.18	2.08	2.00	1.94	1.91	1.88	1.85
House prices (Index 2003 = 100)	118	127.2	126.3	128.0	131.7	135.9	140.1
LFS unemployment (millions)	0.17	0.17	0.19	0.20	0.19	0.18	0.18

Source: ONS, DCLG, Experian

## 2. The outlook for construction in the South West

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

	Actual	Annual % change				
	2009	2005	2006	2007	2008	2009
Public housing	248	-26.7	22.3	-10.7	44.2	16.3
Private housing	738	13.5	15.4	-19.3	-43.1	-22.5
Infrastructure	315	40.3	-31.8	12.5	-9.3	-3.1
Public non-housing	1159	-29.5	-24.7	32.6	49.3	10.7
Industrial	258	35.5	20.0	1.4	-36.7	-22.1
Commercial	1140	-11.6	60.4	0.9	-30.5	-34.2
<b>Total new work</b>	<b>3,857</b>	<b>-1.6</b>	<b>19.7</b>	<b>-2.9</b>	<b>-22.0</b>	<b>-16.1</b>

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

### 2.6 New construction orders – overview

Total construction orders in the South West declined for the third consecutive year in 2009, falling by 16% to £3.9bn in current prices.

The public housing and public non-housing sectors were the only two to see an increase in new orders in 2009, rising by 16% and 11%, respectively. Both sectors also saw substantial increases in new orders in 2008.

In contrast, new commercial construction orders declined by 34% to their lowest level since 1998. The private housing and industrial sectors also saw double-digit falls in new orders, dropping by 22% in both sectors, whilst new infrastructure orders declined by a much weaker 3%.

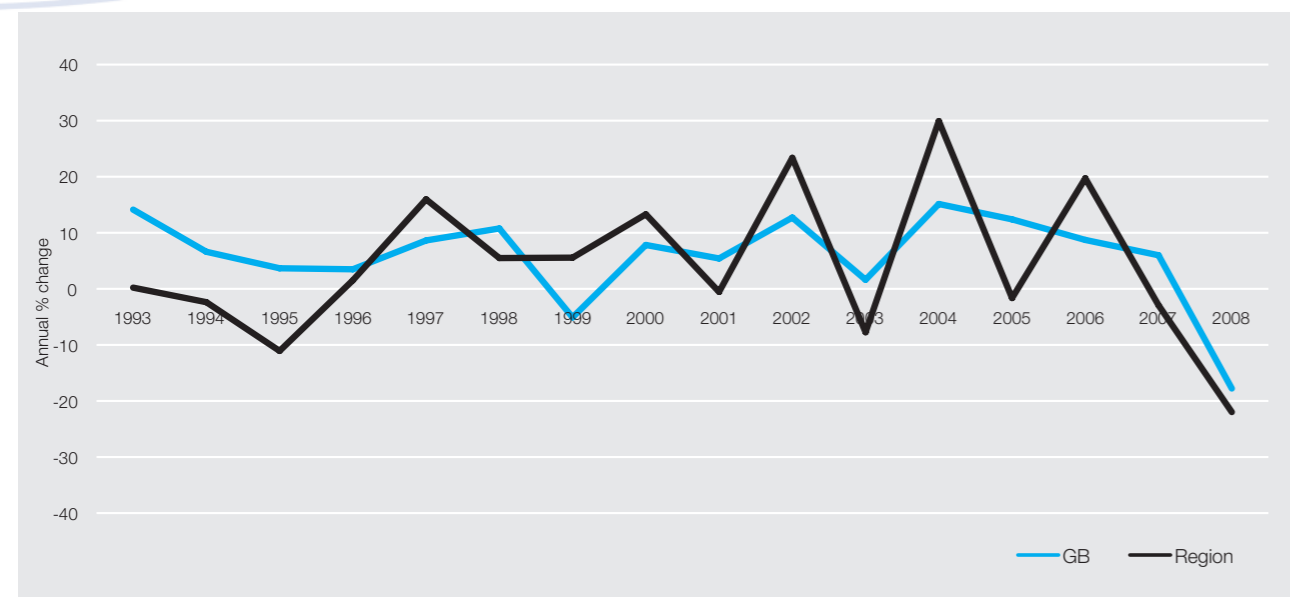
### 2.7 New construction orders – current situation

New construction orders totalled £2.3bn, in current prices, in the first half of 2010. This was 20% higher than the corresponding period of 2009 and 19% above the total in the second half of 2009.

The public non-housing sector saw new orders increase significantly in the first six months of 2010, continuing the substantial growth recorded over the past few years. The outturn in the first quarter of the year was a record £692m. The only large health project in the region is the Southmead Hospital in Bristol which is a PPP scheme and should thus be classified in the private sector. However, the Office for National Statistics (ONS) has indicated that the recipient of the contract classified the order for Southmead as 'public', hence the strong increase in new health orders. It is likely that this order may be reclassified in future ONS releases.

The orders data bodes well for the private housing sector, certainly in the shorter term, with new orders in the first half of 2010 45% higher than the corresponding period of 2009. They were also up 10% half-year-on-half-year. Infrastructure orders were also up year-on-year, but by a weaker 3%. However, there was no improvement for the industrial sector, with new orders in the six months to June 2010 totalling just £66m, 49% lower than the corresponding period of 2009.

### New construction orders growth 1994-2009 - South West vs. GB



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

### 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.

In current prices, construction output in the six months to June 2010 totalled £4.5bn in the South West, down 1% on the corresponding period of the previous year and 4% below the second half of 2009. There were significant divergences in the performance of the new work and R&M sectors; new work output rose by 6.5% from the first half of 2009, whilst R&M activity dropped by nearly 12% during the same period.

Construction activity in the South West is forecast to decline at an annual average rate of 1.6% over the next two years. An estimated fall of 1% in 2010 is likely to be followed by a stronger drop of 4% in 2011, as the public housing and public non-housing sectors see marked declines. Growth is expected to return in 2012 as the recovery across the majority of the private sectors continues to strengthen, offsetting further contractions on the public side.

The strongest performing sector in the short term is expected to be the industrial one with annual average growth of 8% in 2011 and 2012, following 3 years of marked declines. A recovery in the manufacturing sector will drive an improvement in demand for new facilities, although it has to be said that the small size of the sector means that any changes are magnified in percentage terms. The commercial sector will also fare well, returning to growth in 2011 with the pace of increase accelerating to 12% in 2012, as work continues on Southmead Hospital in Bristol and demand for offices and retail facilities begins to pick up again.

Following strong growth in 2010, output in both the public non-housing and public housing sectors is expected to contract at double-digit rates in 2011 and 2012 as expenditure cuts begin to bite. Although the region was not one of the main beneficiaries from the Building Schools for the Future (BSF) programme, it will still feel the impact of a substantial drop in public funding.

On the repair and maintenance side, housing R&M activity will see a decline of 4% in 2011, stronger than the 1% fall expected for non-housing R&M activity, as the VAT hike in January 2011 and falling disposable incomes impact on consumer spending. However, in 2012 the housing R&M sector will see a growth of 2%, with output in the non-housing R&M sector rising by 1%.



### Construction output - South West (£ million, 2005 prices)

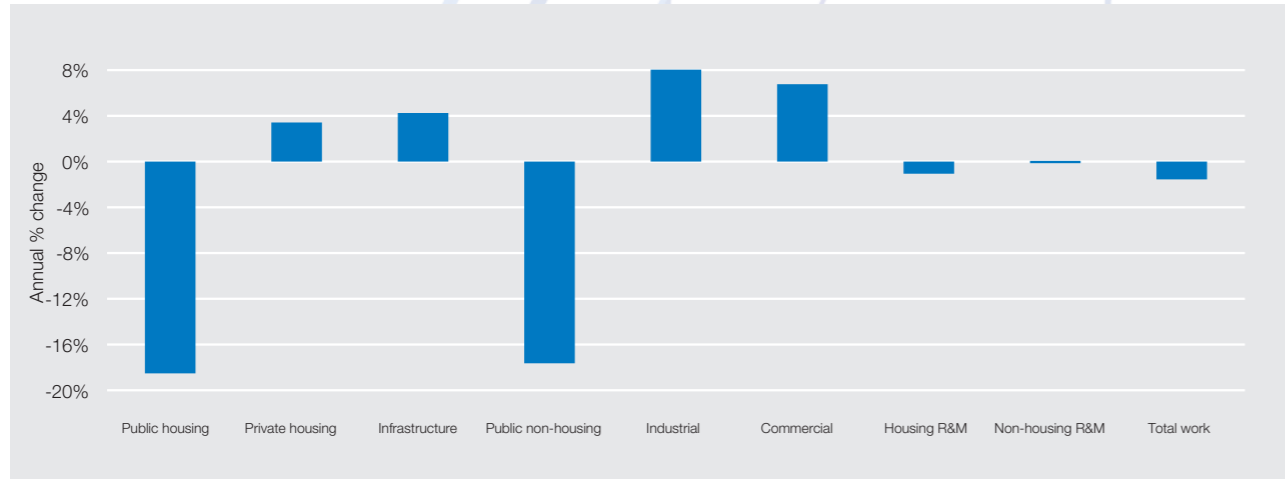
	Actual 2009	Forecast annual % change			Annual average 2011-2012
		2010	2011	2012	
Public housing	279	31%	-23%	-14%	-18.5%
Private housing	1,195	10%	1%	6%	3.4%
Infrastructure	399	15%	3%	5%	4.2%
Public non-housing	1,166	24%	-16%	-19%	-17.6%
Industrial	233	-6%	10%	6%	8.0%
Commercial	1,433	-1%	2%	12%	6.8%
<b>New work</b>	<b>4,705</b>	<b>11%</b>	<b>-5%</b>	<b>0%</b>	<b>-2.2%</b>
Housing R&M	2,583	-17%	-4%	2%	-1.1%
Non-housing R&M	1,449	-12%	-1%	1%	0.1%
<b>Total R&amp;M</b>	<b>4,033</b>	<b>-15%</b>	<b>-3%</b>	<b>2%</b>	<b>-0.6%</b>
<b>Total work</b>	<b>8,737</b>	<b>-1%</b>	<b>-4%</b>	<b>1%</b>	<b>-1.6%</b>

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



## 2. The outlook for construction in the South West

### Annual average construction output growth 2011-2012 - South West



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

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

Over the long-term, the South West's construction industry is forecast to grow at an annual average rate of 1.1%, broadly in line with the UK figure of 1%. Annual average growth is expected to be equal at 1.1% across both the new work and R&M sectors over the period, although the R&M sector is forecast to return to growth in 2012, a year earlier than the new work sector.

The worst performing sector is expected to be the public non-housing one with an annual average contraction of 9.1% over the period to 2015. This is hardly surprising given the significant spending cuts announced by the government, even though the South West is relatively less exposed to the abandonment of the Building Schools for the Future (BSF) programme, as it was not one of the main beneficiaries. With an average decline of 6.5% per year, the public housing sector is also expected to fare badly over the period to 2015. The severe cuts in funding for the public housing sector that were announced in the Comprehensive Spending Review – a budget for England of £4.4bn to 2015 compared with £8.4bn over the 2008-2011 period – will affect every region. The next pot of funding is “back-end loaded” and thus there may be some modest growth in the sector towards the end of the 2011-2015 forecast period. The Kickstart Housing Delivery programme is currently providing a boost to both the public and private housing sectors, but with deadlines for completion of April 2011 and June 2012 for Round 1 and Round 2 schemes, respectively, the output stream will begin to wane thereafter. Over the 18 months to September 2010, there were 6,794 housing units started under the 2008-2011 National Affordable Housing programme and 682 public housing units started under the Kickstart programme.

The infrastructure sector is forecast to be the most buoyant, growing at an average rate of 8% per year. The main works on the Hinkley Point C nuclear power station are expected to get underway towards the end of 2013 and this will largely drive growth in the sector over the forecast period. There are very few other significant infrastructure projects in the region, given that the planned Severn Barrage has now been scrapped.

With annual average growth of 5.5%, the private housing sector is also expected to fare well over the 2011-2015 period. Growth is projected to be only slightly weaker than the national average of 6%. Easing credit conditions during 2011 and 2012 are likely to benefit both the demand and supply side of the market, with increasing mortgage availability boosting demand and house builders finding it easier to access finance.

The industrial and commercial sectors are projected to see average growth of 4.7% and 3.7% per year, respectively. The former will benefit from improved export demand as the pound remains significantly weaker than over the past 5 years or so. The size of the sector almost halved between 2007 and 2010 and thus even with this relatively strong annual average growth, output in the sector will remain significantly below its level throughout most of the past decade in 2015. One of the largest projects currently on site in the commercial sector is the £430m Southmead Hospital in Bristol, a PPP project, with work due to continue until 2014.

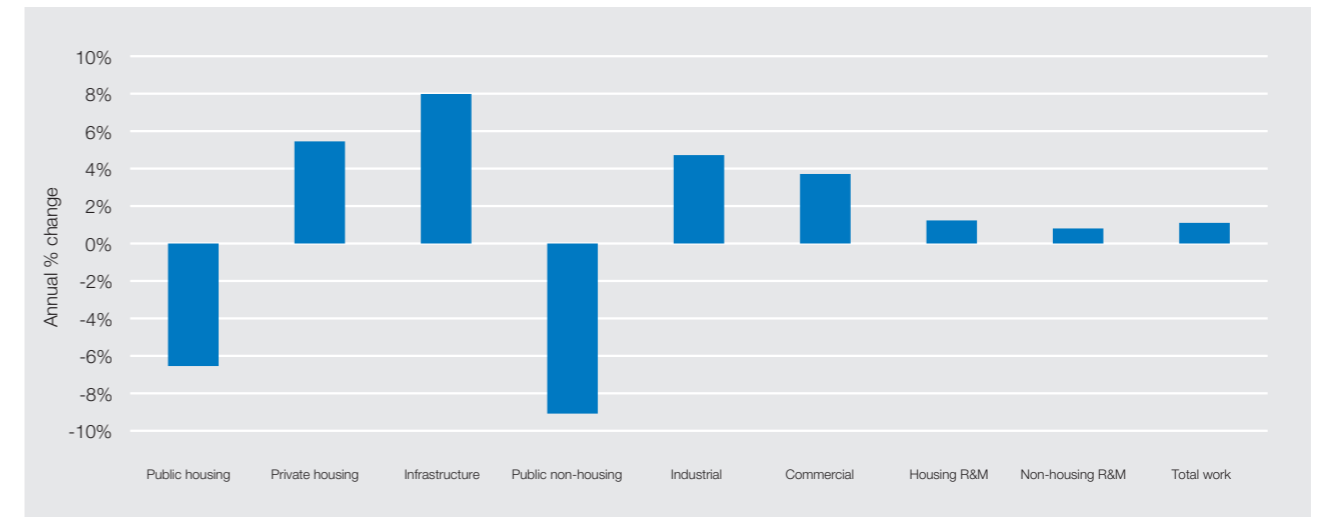


### Construction output - South West (£ million, 2005 prices)

	Estimate 2010	Forecast annual % change					Annual average 2011-2015
		2011	2012	2013	2014	2015	
Public housing	367	-23%	-14%	5%	-2%	5%	-6.5%
Private housing	1,309	1%	6%	9%	6%	6%	5.5%
Infrastructure	457	3%	5%	9%	15%	7%	8.0%
Public non-housing	1,446	-16%	-19%	-7%	-5%	3%	-9.1%
Industrial	219	10%	6%	3%	2%	2%	4.7%
Commercial	1,416	2%	12%	2%	2%	2%	3.7%
<b>New work</b>	<b>5,214</b>	<b>-5%</b>	<b>0%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>1.1%</b>
Housing R&M	2,152	-4%	2%	2%	3%	4%	1.2%
Non-housing R&M	1,272	-1%	1%	2%	1%	1%	0.8%
<b>R&amp;M</b>	<b>3,423</b>	<b>-3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>1.1%</b>
<b>Total work</b>	<b>8,637</b>	<b>-4%</b>	<b>1%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>1.1%</b>

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

### Annual average construction output growth 2011-2015 - South West



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

### 2.10 Beyond 2015

Under the previous government, the South West was the first area of the UK to be designated as a low carbon economic area. This was largely due to the region's expertise around marine energy development, engineering and research but it is likely to spill over into other areas, including the built environment over the longer term.

The immediate plans for a Severn Barrage have been scrapped, but there may be scope for schemes using tidal pool technology to generate energy in the future. Various cheaper options using this technology for the Severn Barrage were put forward but were rejected at the time in favour of a more expensive scheme.

The South West has lacked major projects in recent years, and this is likely to continue for the foreseeable future, Hinkley Point excepted. Thus over the longer term we may see the R&M sectors taking an increasing share of output especially given the sustainability agenda.

# 3. Construction employment forecasts for the South West

## 3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in the South West for 2009, the forecast total employment in 26 occupations and in the industry as a whole between 2011 and 2015. A full breakdown of occupations is provided in Appendix IV.

Total construction employment, including SIC 45 and 74.2, in the South West is forecast to total 204,540 in 2015. This is 8.5% above 2011's projected outturn but 7% below the 2009 figure. Employment in the South West is expected to fall again in 2011 as a result of a further year of modest output decline, before seeing some increase in 2012 as the region's construction industry returns to growth.

Wood trades and interior fit-out was the largest trade occupation in the South West in 2009, accounting for 10.3% of total construction employment. It is predicted to increase by 7.2% to 20,860 between 2011 and 2015, but its share of total employment will remain unchanged from 2009.

### Total employment by occupation - South West

	Actual 2009	Forecast	
		2011	2015
Senior, executive, and business process managers	8,620	7,440	8,390
Construction managers	21,430	18,460	20,340
Non-construction professional, technical, IT, and other office-based staff	21,220	18,780	20,300
Wood trades and interior fit-out	22,630	19,450	20,860
Bricklayers	6,070	5,410	5,660
Building envelope specialists	10,460	8,830	9,320
Painters and decorators	10,390	9,320	10,160
Plasterers and dry liners	4,710	4,130	4,760
Roofers	3,620	3,030	3,210
Floorers	3,760	3,260	3,370
Glaziers	3,570	2,900	2,980
Specialist building operatives nec*	5,340	4,180	4,280
Scaffolders	1,110	870	1,020
Plant operatives	4,460	3,870	4,440
Plant mechanics/fitters	3,850	3,640	3,950
Steel erectors/structural	2,510	2,280	2,590
Labourers nec*	7,090	5,520	6,620
Electrical trades and installation	15,770	14,490	14,970
Plumbing and HVAC Trades	18,780	15,380	16,050
Logistics	2,110	1,810	2,170
Civil engineering operatives nec*	4,840	3,580	4,150
Non-construction operatives	3,200	2,690	3,240
Civil engineers	7,050	5,350	5,740
Other construction professionals and technical staff	18,720	16,540	18,030
Architects	4,580	3,630	3,890
Surveyors	3,980	3,740	4,050
<b>Total (SIC 45)</b>	<b>185,540</b>	<b>159,320</b>	<b>172,830</b>
<b>Total (SIC 45 and 74.2)</b>	<b>219,870</b>	<b>188,580</b>	<b>204,540</b>

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

## 3.2 Annual recruitment requirements (ARR) by occupation

The annual recruitment requirement 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 under the guidance of the Skills Provision Committee. 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 annual recruitment requirement (ARR) between 2011 and 2015 for the 26 occupations within the South West's construction industry is illustrated in the table. The ARR of 3,920 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 labourers nec\* occupation is predicted to have the highest ARR in the region at 880, 22% of the total. Barriers to entry into this career are low and it is an occupation with a large presence across all sectors. It is also the largest ARR in terms of a proportion of base

2011 employment at 15.9%. Wood trades and interior fit-out are also predicted to have a large ARR at 620 or 11.8% of the total. However, this is only 3.2% of 2011 employment, one of the lowest in the region.

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 - South West

	2011-2015
Senior, executive, and business process managers	80
Construction managers	180
Non-construction professional, technical, IT, and other office-based staff	390
Wood trades and interior fit-out	620
Bricklayers	180
Building envelope specialists	-
Painters and decorators	<50
Plasterers and dry liners	300
Roofers	90
Floorers	-
Glaziers	-
Specialist building operatives nec*	-
Scaffolders	<50
Plant operatives	240
Plant mechanics/fitters	50
Steel erectors/structural	100
Labourers nec*	880
Electrical trades and installation	290
Plumbing and HVAC Trades	-
Logistics	160
Civil engineering operatives nec*	-
Non-construction operatives	-
Civil engineers	50
Other construction professionals and technical staff	250
Architects	-
Surveyors	<50
<b>Total (SIC 45)</b>	<b>3,580</b>
<b>Total (SIC 45 and 74.2)</b>	<b>3,920</b>

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



# 4. Comparisons across the UK

With an annual average rate of growth of 1.1% between 2011 and 2015, the South West is forecast to be in the middle 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. Therefore the South West, with very few schools in the early Waves of the schemes, is forecast to see a weaker annual average decline in public non-housing output (9.1%) than the UK average (12.4%).

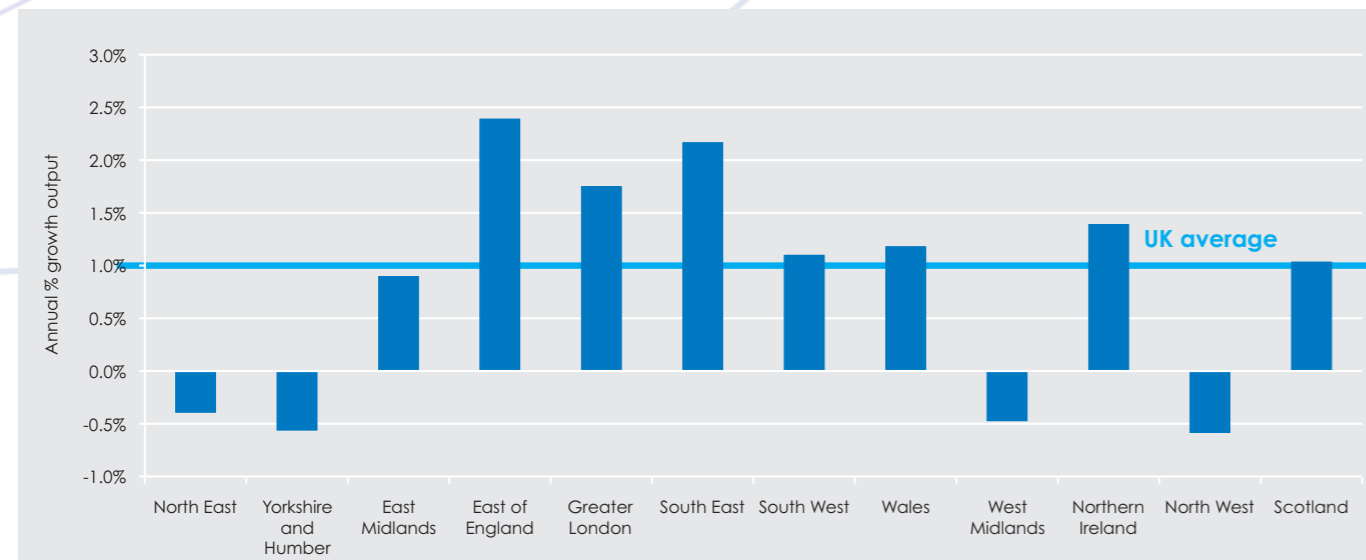
The public housing sector has been hit hard by the cuts in government expenditure going forward, with only £4.4bn available for the English regions between 2011 and 2015, compared with the £8.4bn funding through the 2008-11 National Affordable Housing Programme. Our forecasts suggest that the UK as a 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 decline of 6.5% in the South West is slightly stronger than the UK average.

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 mean 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 – the house price to earnings ratio is expected to remain below the national average – and easier access to mortgage finance should be vital in driving growth. The South West's private housing sector is likely to perform broadly in line with the national picture, with the annual average growth rate only marginally weaker at 5.5%.

In the UK, both the infrastructure and industrial sectors are predicted to grow at an annual average rate of 4.4% over the four years to 2015. Greater London has a number of large transport projects, the biggest of which are Crossrail (worth £16bn) 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 slightly stronger than in the UK as a whole, increasing by 8.5% compared with the UK figure of 7.8%. At 3,920, the annual recruitment requirement over the forecast period is equivalent to 2.1% of base 2011 employment, a relatively strong rate.

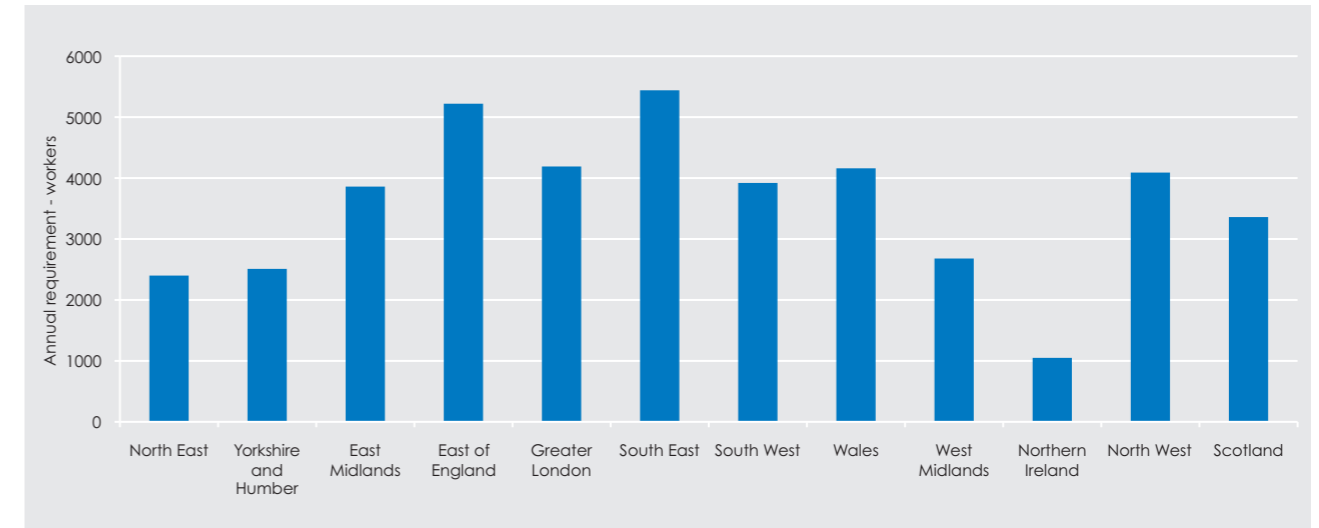
## Annual average output growth by region 2011-2015



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

The infrastructure sector is forecast to be the most buoyant, growing at an average rate of **8%** per year

## Annual recruitment requirement (ARR) by region 2011-2015



Source: CSN, Experian



Total construction employment in the South West is forecast to total

**204,540** in 2015



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