

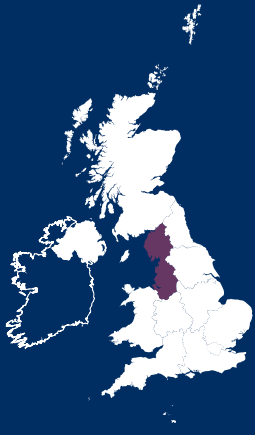
CONSTRUCTION SKILLS NETWORK

The skills construction needs



North West

Five Year Outlook 2023-2027



NORTH WEST

The volume of construction work in the North West will grow, slightly lower than the UK forecast of 1.5% by an annual average rate of

↑ **1.1%**

Fastest sector rate of growth expected for

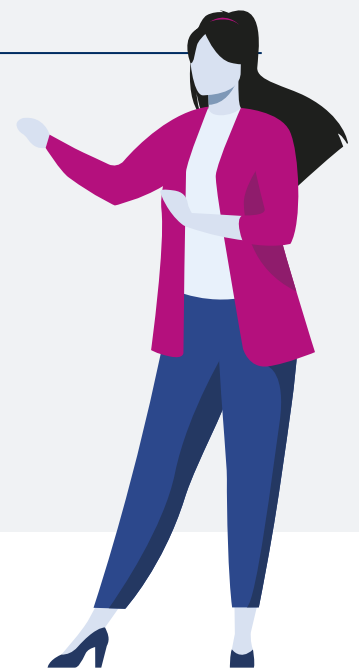
↑ **Non-housing R&M
Industrial** **Commercial**

The occupations with the strongest additional recruitment requirement levels:

↑ **Non-construction professional, technical, IT
and other office-based staff** (1,480 per year)
Other construction process managers (860 per year)
Wood trades and interior fit-out (780 per year)

Major projects in the North West include a number of very large scale/long term developments such as:

⊕ **Rochdale Road Gas Works
housing re-development** (£400m)
Improvement on A66 (£700m)
Trinity Island development (£741m)



Key facts and figures

2022

2023

2024

2025

2026

2027

2028

2029

The annual recruitment requirement in the North West of 1.9% per year is slightly ahead of the UK average of 1.7% and means an extra 25,400 workers will be needed from 2023 to 2027.



UK Macroeconomic backdrop

Having bounced-back in 2021, with an annual increase in gross domestic product (GDP) of 7.5%, the UK's economic growth in 2022 slowed in the first half of the year, before declining by -0.2% in Q3. November's monthly data release points to the UK entering a recession by the end of 2022, when, as forecast, there will have been two consecutive quarters of declines in GDP.

The economic challenges were highlighted by monthly GDP at the end of September 2022 being 0.2% below its pre-pandemic level (February 2020), and in real terms, the UK is the only G7 economy where a shortfall relative to its pre-pandemic level exists. The S&P Global/CIPS Purchasing Managers Indices (PMI) shows business activity declining for three consecutive months as the UK composite index fell to 47.2 in October from 49.1 in September and 49.6 in August, with a reading of less than 50 indicating a decline.

Inflationary pressure on household budgets continues to drive up Consumer Price Index (CPI) inflation, which hit a 41-year high of 11.1% annually in October 2022. Inflation is expected to remain high well into the first half of 2023 and tackling this, while keeping mortgage rises down, is a priority for Government. However, as set out in the 2022 Autumn Statement, this requires difficult decisions to address Government debt and deficit through a combination of tax rises and controlling public sector spending.

The prevailing view of independent forecasters, the Bank of England (BoE), the Office for Budget Responsibility (OBR) and the UK's Chancellor when delivering his Autumn Statement in parliament, is that the UK is set to face a period of recession with GDP declines

through 2023 and possibly into 2024, before the economy then begins to pick up. However, the suggestion is that it will be a shallower recession when compared to the recent falls seen during 2020 and 2008.

While the UK economic conditions in 2022 were challenging, construction output held up better than expected. When GDP declined by -0.2% in Q3, construction output increased by 0.6% and is on track to show an annual increase of over 4% by the end of 2022, with new housing and repair and maintenance sectors being key contributors. However, growth has increasingly been driven by the backlog of work as new orders have fallen and are now at their weakest since June 2020.

It's unlikely that construction output will continue to outperform the economy, which is why we are expecting a decline in output during 2023 that picks up in 2024. The commercial, infrastructure and industrial sectors look set to weather this slightly better than new housing or housing repair and maintenance. Housing repair and maintenance work is likely to be squeezed as households reprioritise their spending, and there are signs of a slowdown in the housing market with fewer new buyer enquiries and a reduction in mortgage approvals.

We still see the construction industry having a long-term challenge when it comes to recruiting workers. Vacancy levels remained high throughout 2022, unemployment rates are low, inactivity due to ill health is rising, and construction will be competing against other industries to attract and retain the workers it needs.

Although the next five years will see a period of recession followed by slow growth, the UK construction industry will still account for at least 6% of UK GDP, have an annual output value of over £170bn and a workforce of over 2.6m. Recruiting and developing the workforce for the future will help to ensure that the industry is able to contribute to 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.

**THE UK IS THE ONLY
G7 ECONOMY WHERE A
SHORTFALL RELATIVE
TO ITS PRE-PANDEMIC
LEVEL EXISTS.**

Structure

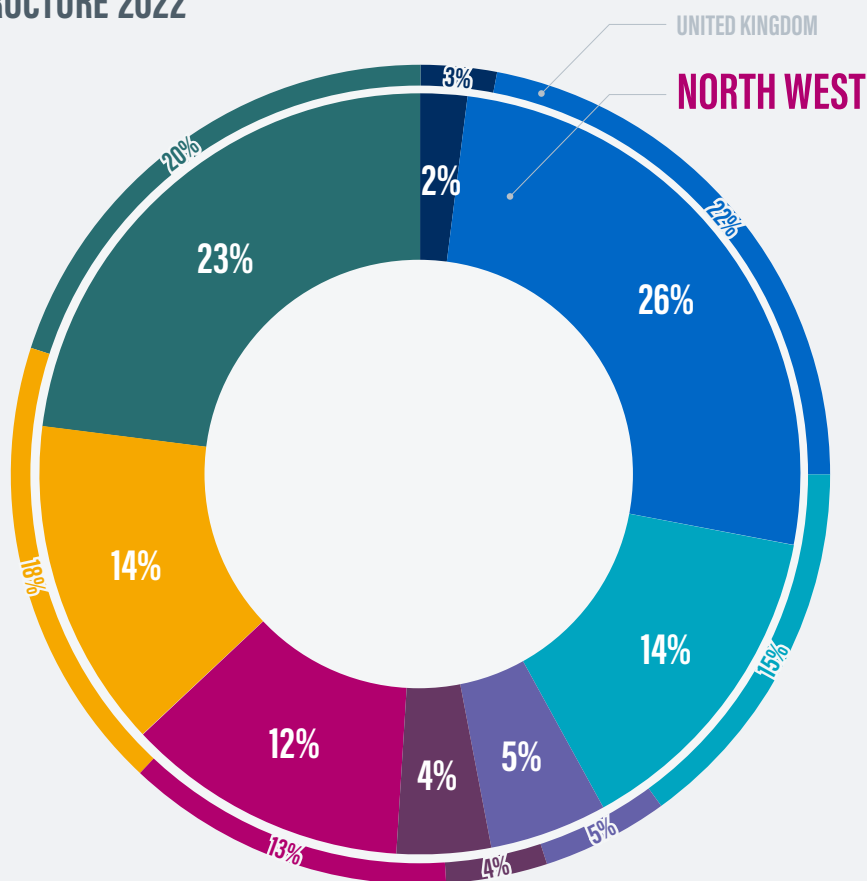
The construction industry in the **North West** has a similar structure to the UK.

The construction industry in the North West has 18,150 businesses with more than one employee, which is 12% of all employers in the region. In 2022 the industry is estimated to have total output of nearly £19bn which is structured as per the below chart. The construction industry in the North West is close to the UK profile

with slightly higher shares of private housing and non-housing R&M work. Private housing is the strongest sector in the region, accounting for 26% of total work, with non-housing R&M work not far behind at 23%. Infrastructure and housing R&M also make significant contributions to output in the North West.

CONSTRUCTION INDUSTRY STRUCTURE 2022 NORTH WEST VS UK

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



Private housing output

26%

2022 view

Total annual output 2022

£19bn

Total estimated output 2023

£19bn

2022 construction output is estimated to have **increased in the North West** by over 5%, which is stronger than the 4% growth estimated for the UK.



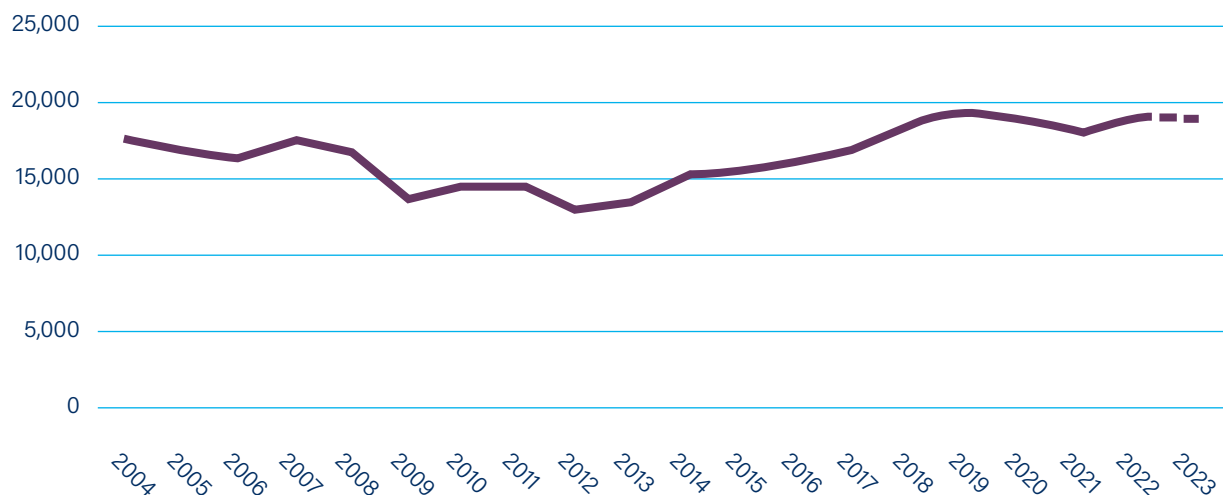
2022 view

In 2022 construction output is estimated to have increased in the North West by over 5%, which is stronger than the 4% growth estimated for the UK. The growth has been driven by increases in private housing and R&M work, while other sectors such as infrastructure and commercial have shown steady performance. This means that 2022's output of just under £19bn in the region is only very slightly lower (-1.7%) than 2019's output. With a recession expected, output is forecast to dip slightly in 2023.

CONSTRUCTION OUTPUT 2004 - 2023 NORTH WEST

Source: ONS
Ref: CSN explained, Section 4: Note 1

£m, constant 2019 prices



OUTPUT FORECAST 2023 - 2027

In the North West, the volume of work is forecast to grow by an annual average rate of 1.1%, which is just below the UK rate of 1.5%¹. Most sectors will see growth over the forecast, although with an average rate of 1.1% it is likely to be modest gains. Growth in the new work sectors are expected to be slightly stronger than R&M, and most sectors follow a pattern of declines in 2023

which then grow from 2024. There are two sectors where we're forecasting a small decline in work which are, public non-housing and housing R&M.

The industrial sector has the highest annual average growth rate at 3.2%, although it has a relatively low share of total output at 4%. The biggest gains in output are set to come from the

non-housing R&M (+£348m), private housing (+£282m) and commercial (+£264m) sectors, accounting for 80% of the total output increase in the region between 2023 and 2027.

Average growth rate for the North West

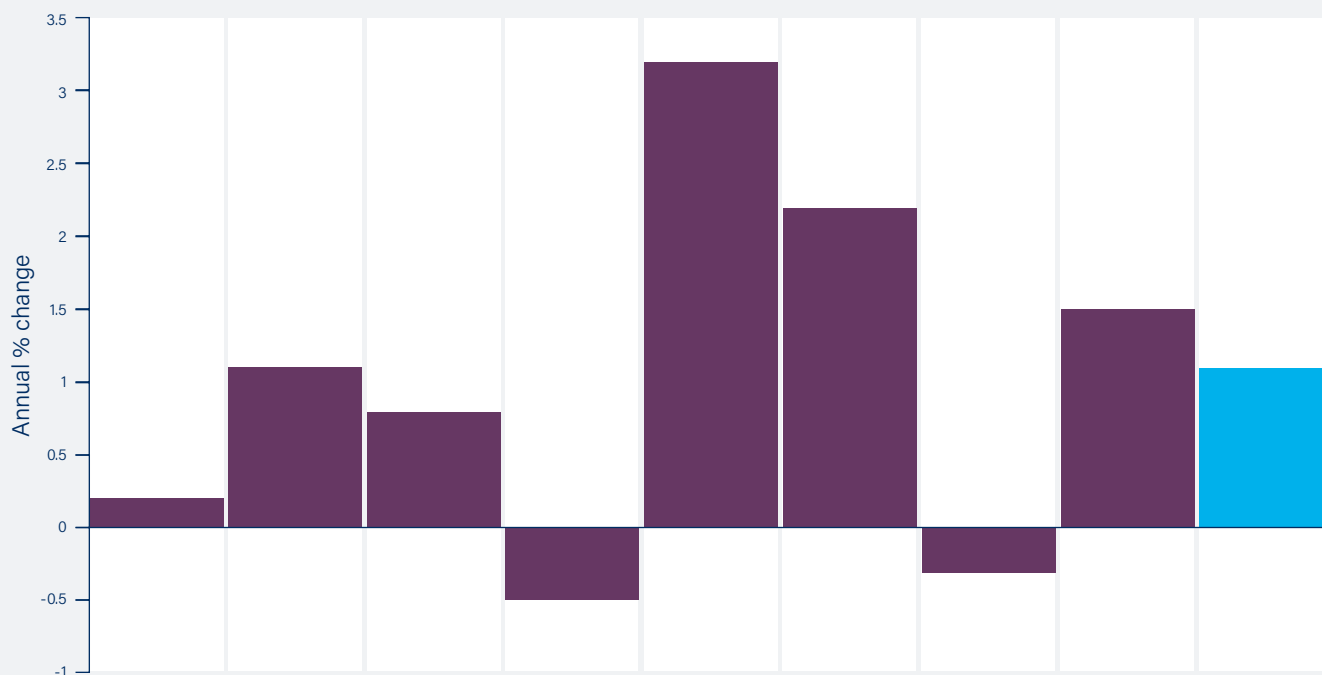
1.1%

Forecast

ANNUAL AVERAGE OUTPUT GROWTH BY SECTOR 2023-2027 NORTH WEST

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

Public housing	Private housing	Infrastructure	Public non-housing	Industrial	Commercial	Housing R&M	Non-housing R&M	Total work
0.2%	1.1%	0.8%	-0.5%	3.2%	2.2%	-0.3%	1.5%	1.1%



CONSTRUCTION OUTPUT - NORTH WEST (£ MILLION, 2019 PRICES)

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

	Estimate	Forecast (Annual % change, real terms)					Annual average
	2022	2023	2024	2025	2026	2027	2023-2027
Public housing	317	-5.0%	0.2%	1.7%	2.1%	2.1%	0.2%
Private housing	5,016	-0.8%	1.7%	1.4%	1.6%	1.7%	1.1%
Infrastructure	2,623	-0.9%	1.2%	1.7%	0.9%	0.8%	0.8%
Public non-housing	930	-3.6%	-0.4%	0.0%	0.8%	0.9%	-0.5%
Industrial	804	5.3%	4.9%	1.5%	2.2%	2.2%	3.2%
Commercial	2,284	1.6%	1.6%	2.6%	2.7%	2.6%	2.2%
New work	11,975	-0.3%	1.6%	1.6%	1.6%	1.7%	1.2%
Housing R&M	2,633	-4.4%	-0.2%	0.5%	1.3%	1.5%	-0.3%
Non-housing R&M	4,376	-0.1%	1.4%	2.5%	1.9%	2.0%	1.5%
Total R&M	7,008	-1.7%	0.9%	1.8%	1.7%	1.8%	0.9%
Total work	18,983	-0.8%	1.3%	1.7%	1.6%	1.7%	1.1%

The annual average growth rate is the rate of growth between the end of 2022 and the end of 2027, i.e., a five-year period.

In the North West there are a number of very large scale/long term developments that will deliver output for a number of sectors.

In the industrial sector, work has begun on eleven new warehouse units on the Stanley Green Trading Estate in Cheadle Hulme. The £22.5m development will add a further 80,000 square feet of space in the existing estate. According to the developer, Schroder Real Estate Investment Trust, they will be the first net zero carbon warehouses in the operational industrial scheme throughout North West England. The project is scheduled for completion at the end of this year.

Manchester City Council have granted planning permission for two further buildings at 2 & 3 Angel Square which offers 440,000 square feet of Grade A office space and will provide output for the commercial sector. Construction is expected to begin once Bowmer & Kirkland complete the development on 4 Angel Square in early 2023. Several other commercial projects in Manchester are also underway, including re-development plans for a city centre site, which has been revealed for public consultation. The landmark re-development of the Albert Bridge House site on Bridge Street by developer Oval Real Estate will see the construction of a 19-storey 350,000 square foot lower rise office block alongside a 45-storey hexagonal residential tower. In addition, an 18-storey

office building currently occupied by the HMRC alongside the Bridge Street car park will be demolished to clear the site. Manchester City Council distinguished the site to be one of the most significant re-development opportunities within the St Mary's Parsonage strategic regeneration framework.


The infrastructure sector will be helped by the £700m improvements to the A66 between the M6 at Penrith and A1(M) at Scotch Corner, upgrading single carriageway sections of road to dual carriageway standard and making improvements to the junctions along the route.

Within the housing sector, MCR Property Group's £400m re-development project on the site of the former Rochdale Road Gas Works, has been granted planning approval but has not yet commenced construction. The 1,200-home development scheme will be built in four phases, with the tallest residential tower to be completed by the end of 2030. The first homes at the site are expected to be completed in 2023. There is also the £740m Trinity Island development in Manchester, which would be the tallest residential scheme in North West England, providing 1,950 flats.

There is also the £330m Our Town Hall project, which is the restoration and modernisation of Manchester's Grade 1 listed Town Hall to bring it up to modern standards and the £100m Eden Project North, planned for Morecambe. Further opportunities are possible for the infrastructure sector with the proposed Mersey Tidal Project and the Wyre Tidal Gateway, which would generate renewable energy, along with the Cumbria Clean Energy Strategy, which looks to build on the areas contribution to clean energy generation for the UK.

 **Stanley Green Trading Estate in Cheadle Hulme**

£22.5m

 **Trinity Island residential development**

£740m

Workforce² forecast

The level of output growth in the North West means the construction workforce is not expected to show growth between 2022 and 2027.

Between 2021 and 2022, we estimate the workforce to increase slightly from nearly 270,000 to over 272,000. With a dip in output expected for 2023, we are forecasting that the workforce will reduce slightly to 271,000 before picking back up to reach nearly 272,000 by the end of 2027.

This is similar to the workforce pattern we're seeing for the UK and other regions in England.

TOTAL WORKFORCE BY OCCUPATION - NORTH WEST

	Actual	Estimate	Forecast	
	2021	2022	2023	2027
Senior, executive, and business process managers	19,800	20,400	20,300	20,600
Construction project managers	4,600	4,600	4,600	4,500
Other construction process managers	22,000	22,300	22,300	22,900
Non-construction professional, technical, IT, and other office-based staff	42,100	41,300	41,100	41,400
Construction trades supervisors	3,400	3,600	3,500	3,400
Wood trades and interior fit-out	19,300	19,900	19,900	19,600
Bricklayers	9,400	9,700	9,600	9,000
Building envelope specialists	5,500	5,800	5,900	5,700
Painters and decorators	9,400	9,400	9,300	8,700
Plasterers	6,600	6,200	6,100	6,200
Roofers	5,800	5,500	5,300	5,500
Floorers	3,200	3,300	3,300	3,300
Glaziers	3,500	3,400	3,400	3,200
Specialist building operatives nec*	5,000	5,000	4,900	4,700
Scaffolders	2,800	2,600	2,600	2,700
Plant operatives	5,800	6,000	6,000	6,200
Plant mechanics/fitters	4,400	4,600	4,800	4,600
Steel erectors/structural fabrication	2,200	2,300	2,300	2,200
Labourers nec*	13,700	14,000	13,900	14,300
Electrical trades and installation	16,600	16,300	16,300	16,600
Plumbing and HVAC Trades	16,100	16,100	15,600	15,300
Logistics	2,500	2,600	2,600	2,400
Civil engineering operatives nec*	1,400	1,500	1,500	1,500
Non-construction operatives	4,000	4,200	4,100	4,400
Total (SIC 41-43)	229,000	230,400	228,900	228,800
Civil engineers	6,300	6,600	6,500	6,900
Other construction professionals and technical staff	25,500	25,800	25,800	26,200
Architects	3,100	3,400	3,500	3,700
Surveyors	5,900	6,200	6,400	6,500
Total (SIC 41-43, 71.1, 74.9)	269,800	272,400	271,000	271,900

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

Annual Recruitment Requirement (ARR)

While the workforce levels are forecast to remain around 272,000 there is still a need for the construction industry in the North West to increase the recruitment of new workers. In a typical year, the region's construction industry would recruit between 16,500 – 22,000 workers, the usual the movement of people into and out of the industry or workforce churn. When looking at the future recruitment demand, we recognise that a level of churn will always take place and take this into account to producing the ARR figure.

The average annual recruitment requirement in the North West is set to average 1.9% per year, based on 2022 workforce levels, which is slightly above the UK figure of 1.7%. This means the construction industry would have to increase current recruitment by 5,080 new workers each year to deliver the expected work between the start of 2023 and end of 2027.

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

- Non-construction professional, technical, IT, and other office-based staff (1,480 per year)
- Other construction process managers (860 per year)
- Wood trades and interior fit-out (780 per year).

ARR BY OCCUPATION - NORTH WEST

	ARR as % of 2022 workforce	ARR value per year
Senior, executive, and business process managers	0.5%	100
Construction project managers	-	<50
Other construction process managers	3.9%	860
Non-construction professional, technical, IT, and other office-based staff	3.6%	1,480
Construction trades supervisors	-	-
Wood trades and interior fit-out	3.9%	780
Bricklayers	-	-
Building envelope specialists	-	-
Painters and decorators	-	-
Plasterers	-	-
Roofers	-	-
Floorers	2.1%	70
Glaziers	-	-
Specialist building operatives nec*	2.0%	100
Scaffolders	3.1%	80
Plant operatives	-	<50
Plant mechanics/fitters	-	-
Steel erectors/structural fabrication	-	-
Labourers nec*	2.3%	320
Electrical trades and installation	1.9%	310
Plumbing and HVAC Trades	0.6%	100
Logistics	-	-
Civil engineering operatives nec*	-	<50
Total (SIC 41-43)		4,200
Civil engineers	2.4%	160
Other construction professionals and technical staff	2.3%	600
Architects	-	<50
Surveyors	1.9%	120
Total (SIC 41-43, 71.1, 74.9)	1.9%	5,080

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

However, there would also be pressure on occupations, such as scaffolders, civil engineers, labourers and other construction professionals and technical staff, 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.

When looking at the workforce and ARR forecast it is important to note that in 2022, the cost-of-living crisis is having a significant effect on the economy and growth forecasts, particularly for 2023 and 2024. This is reflected in the ARR figure in the 2023-2027 outlook being lower than the 2022-2026 view, which is due to lower construction output growth.

Despite the lower growth forecast, there remains a requirement to recruit extra workers as there is still a relatively high level of vacancies in the North West that need filling going into 2023.



To fill vacancies and recruit new staff, construction companies can look at several routes such as:

Attracting skilled workers who are already working elsewhere in the construction industry, although this obviously moves existing workers around rather than meet overall industry need

Attracting 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/inactive

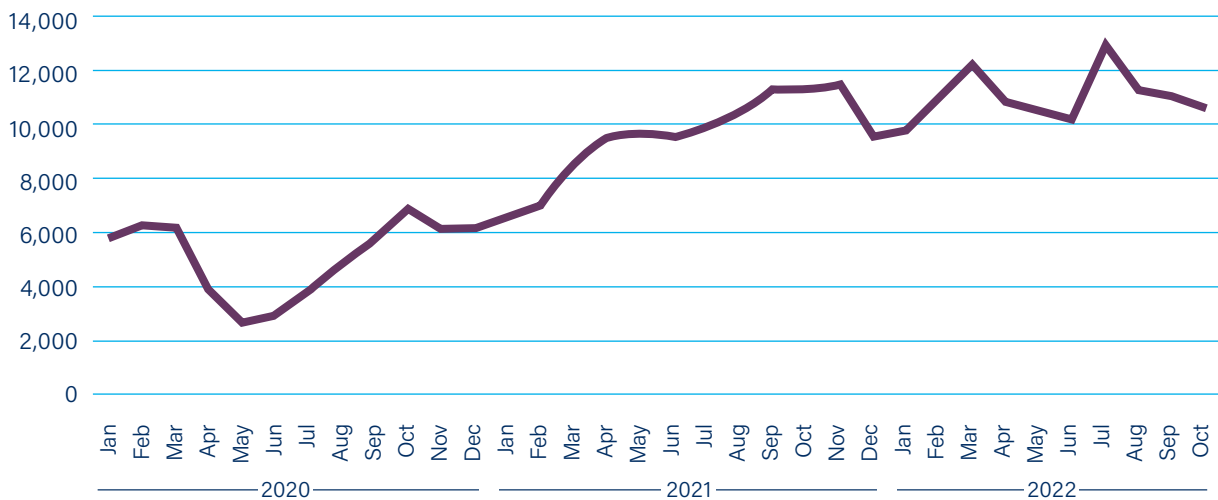
Recruiting and training new entrants into construction from those leaving school, further education, higher education or migration

Improving the retention of workers within the industry

Looking at **how productivity can be improved.**

MONTHLY UNIQUE ONLINE JOB POSTINGS - NORTH WEST

Source: Lightcast, selected construction occupations, North West



Responding to a skills shortage is likely to be a mix of options, as the continued strength of the jobs market, and relatively low levels of unemployment means competition for workers.

Companies that are able to 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.

There are also recent trends in training to consider as the GB wide drop in employer training, which was expected with the impact of Covid-19, had started to pick-up in 2021, although there is a slightly mixed picture in 2022.

Construction apprenticeship starts in England have increased in 2021/22, and

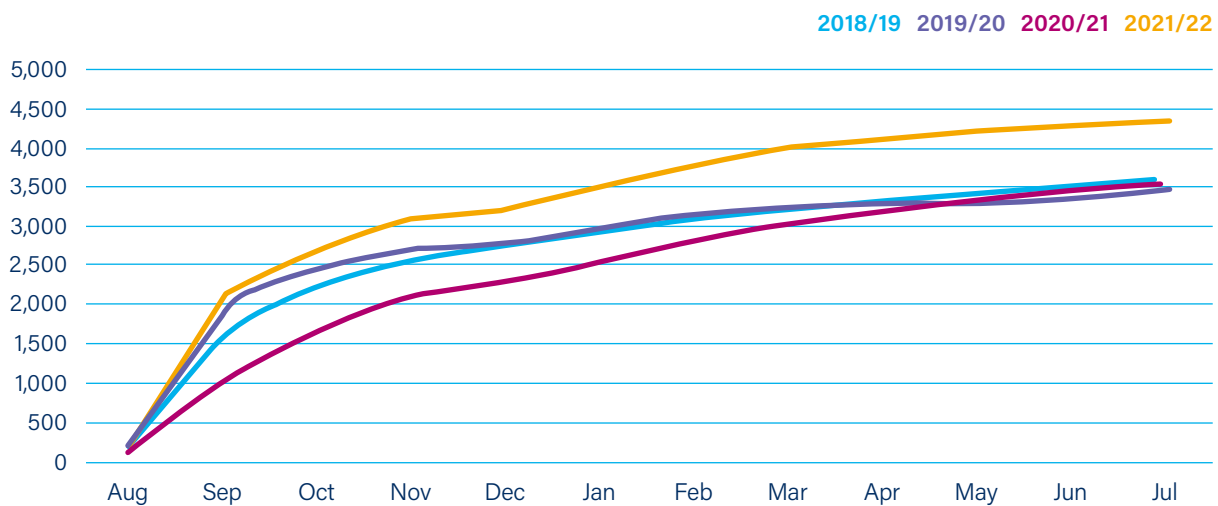
in the North West, they have picked up strongly, ending the 2021/22 academic year 22% up on 2020/21, and above figures from earlier years.

However, looking over the wider range of construction training delivered across England there isn't the same level of qualification achievements, with numbers in 2022 down compared to 2021 and 2019.

This points to a slightly different position between apprenticeships and other training, indicating that the construction industry has work to do to get overall training numbers back to pre-covid levels and then increase to meet current and future demand.

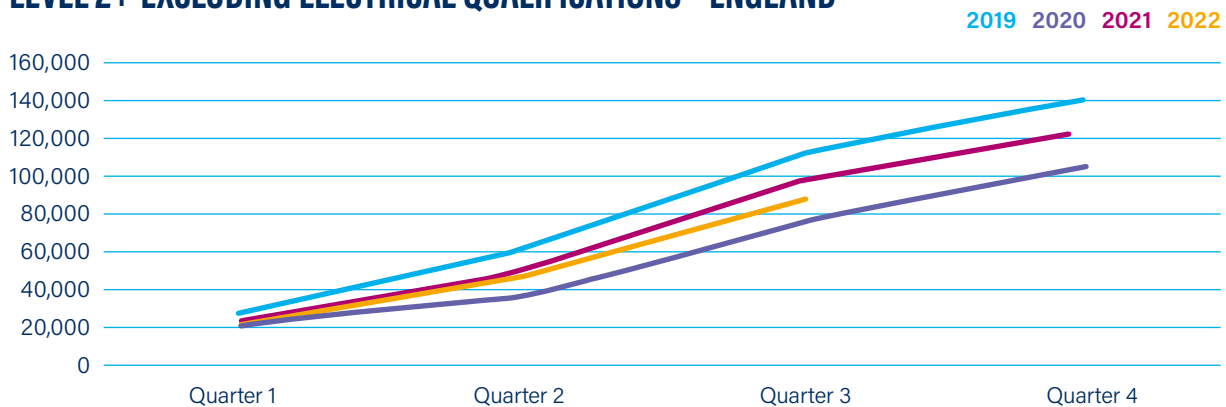
NORTH WEST CUMULATIVE APPRENTICESHIP STARTS FOR CONSTRUCTION, PLANNING AND THE BUILT ENVIRONMENT SECTOR

Source: Department for Education



CONSTRUCTION SECTOR QUALIFICATION CERTIFICATES ISSUED LEVEL 2+ EXCLUDING ELECTRICAL QUALIFICATIONS - ENGLAND

Source: Ofqual



CITB support to the construction industry in the North West

CITB England **will continue to support industry** through various ongoing initiatives.

CITB is looking at a range of actions that will help to support construction companies to invest in training such as helping to protect apprenticeships; using targeted funding for skills priorities; helping businesses to identify training needs and ensuring that standards are in place for the required training. In 2022 CITB launched the [Apprenticeship Toolkit](#) to provide information that helps companies to know about the process of hiring an apprentice, and how CITB can help; and the [Onsite Experience](#) hubs, designed to provide a one-stop recruitment solution for construction employers.

In the summer of 2022 CITB launched the New Entrant Team in the North West of England, to help small and micro employers with the recruitment, training and retention of new apprentices

and other trainees. The team supports companies in finding the right candidates and training for them; with the logistics of applying for government and CITB apprenticeship funding; and with training on mentoring young people to understand the qualifications they need to complete. CITB have two Onsite Hubs in Lancashire and Cheshire operated by Procure Plus which help companies find and train candidates in entry level roles. We are also supporting construction and green skills focussed DfE funded Skills Bootcamps in Greater Manchester and Liverpool City Region.

CITB Engagement Team advisors and our local Training Groups are on hand for all registered employers to support them with accessing CITB grant and funding and finding the right training for them.

Overcoming skills shortages by supporting training and recruitment in a more competitive labour market at a time when the economy will be in a recession requires combined action from CITB, construction companies and government. Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring the North 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, over the next five years the construction industry will continue to support 272,000 workers and contribute over £19bn worth of output each year from an industry that accounts for 12% of all business that employ people in the North West.

The construction industry will continue to contribute over

£19bn

Regional breakdown within England

North East

North West

Yorkshire & the Humber

East Midlands

West Midlands

East of England

Greater London

South West

South East

North West

Allerdale

Barrow-in-Furness

Blackburn with Darwen

Blackpool

Bolton

Burnley

Bury

Carlisle

Cheshire East

Cheshire West and Chester

Chorley

Copeland

Eden

Fylde

Halton

Hyndburn

Knowsley

Lancaster

Liverpool

Manchester

Oldham

Pendle

Preston

Ribble Valley

Rochdale

Rossendale

Salford

Sefton

South Lakeland

South Ribble

St. Helens

Stockport

Tameside

Trafford

Warrington

West Lancashire

Wigan

Wirral

Wyre

For more information about the Construction Skills Network, contact:

Ian Hill

Insight Manager

Ian.Hill@citb.co.uk

