



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

NORTH WEST
2024–2028



KEY FACTS AND FIGURES



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

2.2%¹



The biggest gains in output will come from these sectors:

REPAIR AND MAINTENANCE (R&M)

PRIVATE HOUSING



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



The occupations with the strongest additional recruitment requirement levels are:

Non-construction professional and technical office-based staff

Other professionals and technical staff working in construction

Labourers

Main projects in the North West include:

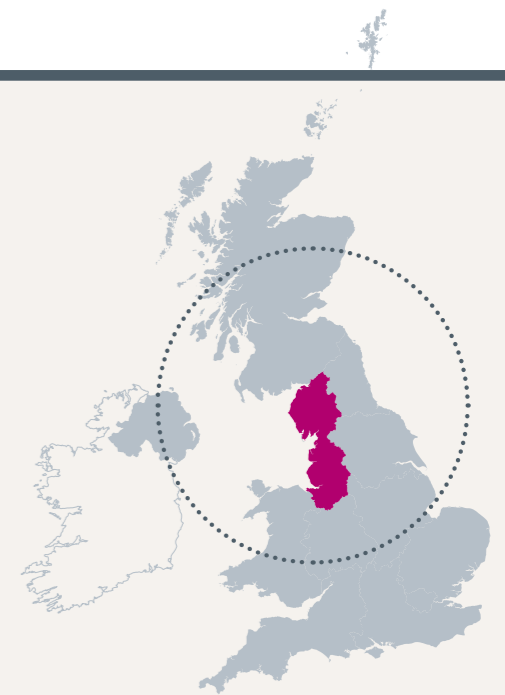
£1bn

Bolton town centre masterplan regeneration.

£250m

Plans have been submitted for Liverpool's Pumpfields Development, a residential complex at Infinity Towers.

NORTH WEST



The additional recruitment requirement in the North West of 1.8% per year is marginally lower than the UK value of 1.9% **and means an extra 23,850 workers will be needed in the region from 2024 to 2028.** ■



UK MACROECONOMIC BACKDROP

UK GDP in 2023 is estimated to have increased by only 0.1% compared with 2022 as the economy went into a mild recession in the second half of 2023, with two consecutive quarters of contraction (-0.1% in 2023Q3 and -0.3% in 2023Q4).

There are strong signs that the recession isn't likely to continue into 2024 with monthly GDP data showing a 0.2% rise in January.

February's UK Purchasing Managers' Index (PMI) adds to evidence that economic activity is improving with the composite index recording a fourth consecutive month of expanding activity and confidence.

The index registered 53.0 in February, marginally above the 52.9 reading for January. The service sector was the main driver within the composite index following another month of expanding business activity, and a confirmed services PMI reading of 53.8 in February.

There was an improvement in the construction sector PMI registering 49.7 in February, up from 48.8 in January on the back of new business growth and a pick-up in order books, which was the first rise reported since July 2023. Unfortunately, the manufacturing sector continues to struggle, reporting a nineteenth consecutive PMI reading below 50.0 at 47.5 in February.

Consumer confidence had been trending upwards in recent months, adding to the picture of improving economic activity. However, GfK's consumer confidence index headline score of -21 in February, was slightly down from -19 in January, marking the first fall in four months and highlighting

how the recent mix of economic news is affecting consumer confidence. The reduction in inflation will be a factor in helping consumer confidence. In February 2024, monthly Consumer Price Inflation, including housing costs (CPIH) was 3.8%, significantly down from 9.2% in February 2023, with expectation of further drops to come due to falling energy bills. Looking forward, we expect inflation to continue to drop as we progress through 2024, reaching the Bank of England's 2.0% target by the middle of the year.

ALTHOUGH THERE ARE POSITIVE SIGNS OF ECONOMIC GROWTH, THE WIDESPREAD VIEW IS THAT IT WILL BE 2025 BEFORE THE PACE PICKS UP

The number of vacancies being advertised continues to reduce, having peaked at 1.3million in the first half of 2022, there are now just over 900,000 (Dec 2023 – Feb 2024). While this is a sign that the labour market appears to be cooling, vacancy levels are still higher than those seen in 2019/2020 before the pandemic, where there were around 820,000 vacancies. Slowing wage growth is another indicator of a generally cooling labour market, however, there is still an unusual tightness in the labour market

that is creating upwards pressure on wages. The employment rate for 16–64 year olds remains around 75%, with unemployment staying low at 3.9%, while inactivity is relatively high as 21.8%. The inactivity level means approximately 9.2 million people are absent from the labour force, which is 700,000 more than pre-pandemic levels, with long-term illness being one of the main reasons.

Although there are positive signs of economic growth, the widespread view is that it will be 2025 before the pace picks up. The economic outlook published by the Office for Budget Responsibility (OBR) in March 2024 forecasts GDP growth to pick up by 0.8% in 2024, increasing to around 2.0% in 2026, then settling down to around 1.8% in 2027 and 2028. While the outlook for the UK economy in 2024 is improving, we are not yet in a position of strong economic growth.

Recruiting and developing the workforce for the future is still a key challenge for the industry to overcome and make the most of the growth opportunities such as building the volume of homes the country needs, the infrastructure for energy and transport, and retrofitting the built environment to meet net zero targets. ■

STRUCTURE



The construction industry in the North West has 18,430 employers, which is 13% of all employers in the region.

Private housing sector:

26%

In 2023 the industry in the North West is estimated to have total output of around £19.1bn which is structured as per Figure 1 (below).

The profile of the construction industry in the North West continues to show a high share of private housing work, which is the strongest sector in the region, accounting for 26% of total work. Non-housing R&M follows at 24%, then housing R&M at 17%.

These three sectors account for two thirds of all work in the North West. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 NORTH WEST

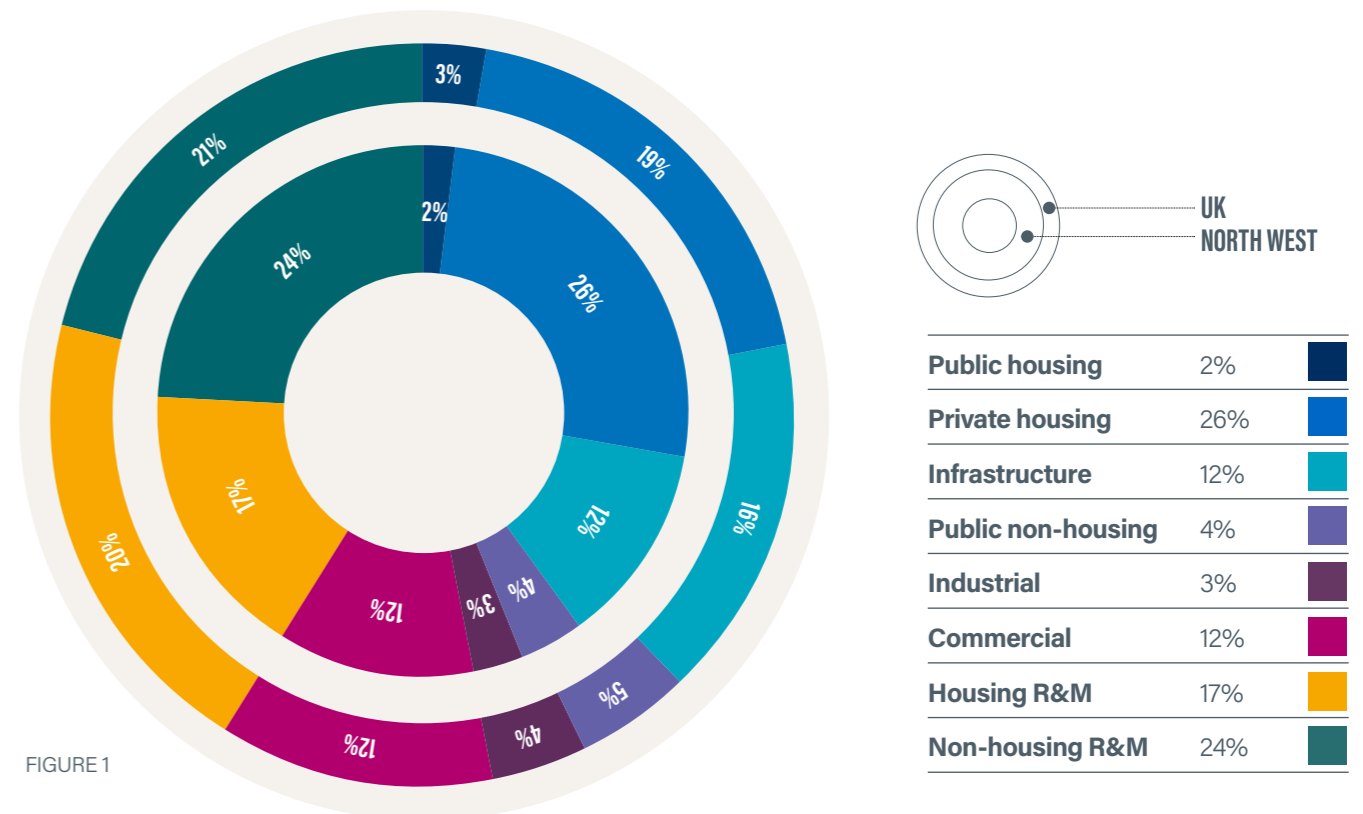



FIGURE 1

2023 VIEW

Total annual output 2023: 
£19.1bn



Infrastructure: 
£2.2bn

2022 saw strong output growth in the North West, rising to £20.5bn, an increase of 13%, and double the UK rate of growth. 

While UK construction output continued to grow by 2% in 2023, output in the North West dropped by -7%, ending the year at £19.1bn in 2023. 

This was mainly due to new work output dropping in most of the sectors, with private housing (-£570m) and commercial (-£440m) seeing the largest falls. 

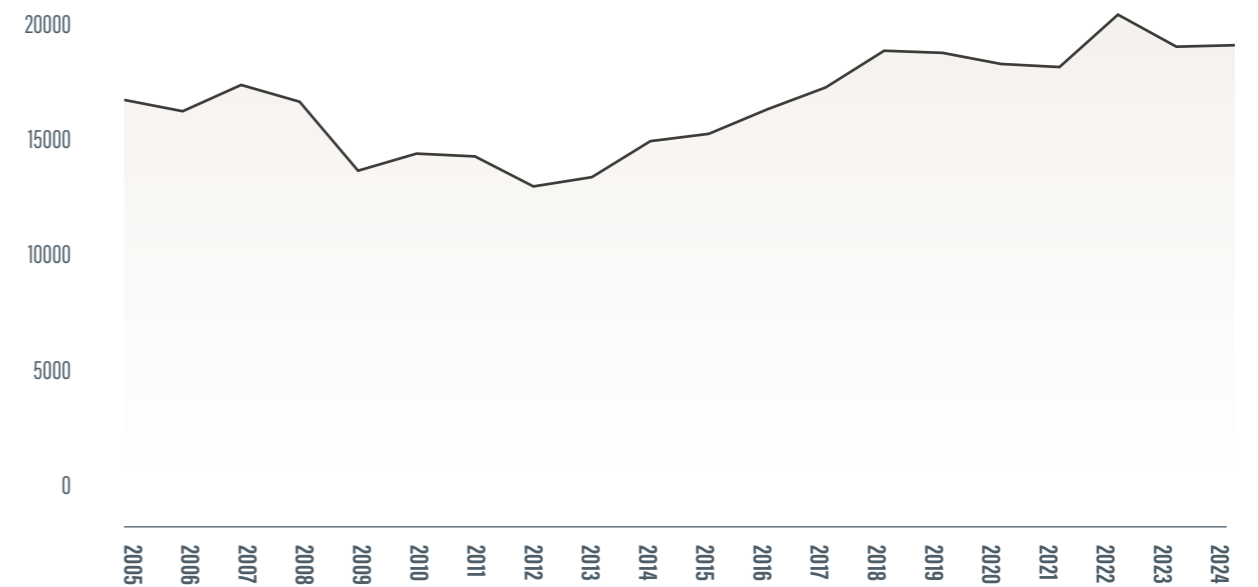
Infrastructure was the only new work sector that didn't see a drop in output, staying around the £2.2bn mark. 

Going into 2024, we expect output in the North West to stabilise and remain at about £19.1bn. This is mainly due to forecasted growth in R&M work. 

CONSTRUCTION OUTPUT (£M) 2005 – 2024 NORTH WEST

FIGURE 2

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



OUTPUT FORECAST 2024 – 2028

The North West has an average annual output growth rate of 2.2%, which is just below the UK rate of 2.4%. Over the forecast we are expecting R&M to perform better than new work, and although both are set to grow, their profiles are slightly different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its

recent slightly strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

The sectors with the highest growth rates are non-housing R&M (3.0%) and public non-housing (2.5%), and it is the non-housing R&M sector that

will generate the main gains, with an increase of £740m in output value over the next five years. Although private housing work shows a lower growth rate of 1.5%, as it is the main sector in region, it will also make a positive contribution to growth, increasing by over £370m in value as housebuilding recovers. ■

FORECAST

In the North West there are a number of very large scale long-term developments such as Wigan, Stockport Interchange, Bolton Town Centre, Atom Valley, Darwen Town Deal, Blackburn Town Centre and Liverpool's Pumpfields Development.



Galleries Shopping Centre in Wigan:

£130m



Blackburn Town Centre Masterplan:

£250m

Examples of projects driving the forecast in the region are:

- £130 million redevelopment of the Galleries Shopping Centre in Wigan. The project will deliver one of the UK's most innovative low carbon regeneration projects, transforming the town centre.
- Bolton Town Centre Regeneration Project, £35 million project to create 167 new high-quality homes, part of Croal Valley, one of several areas identified by Bolton's £1bn town centre masterplan.
- Blackburn's Town Centre Masterplan 2022 – 2032 will see investment of £250m over ten years to regenerate the town centre.
- Liverpool's Pumpfields Development, plans have been submitted for £250m Infinity Towers residential complex and the £40m Metalworks residential scheme on Vauxhall Road.
- Stockport Interchange, transformation of Stockport's bus station into a modern transport interchange, part of £1 billion redevelopment investment.

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

FIGURE 3

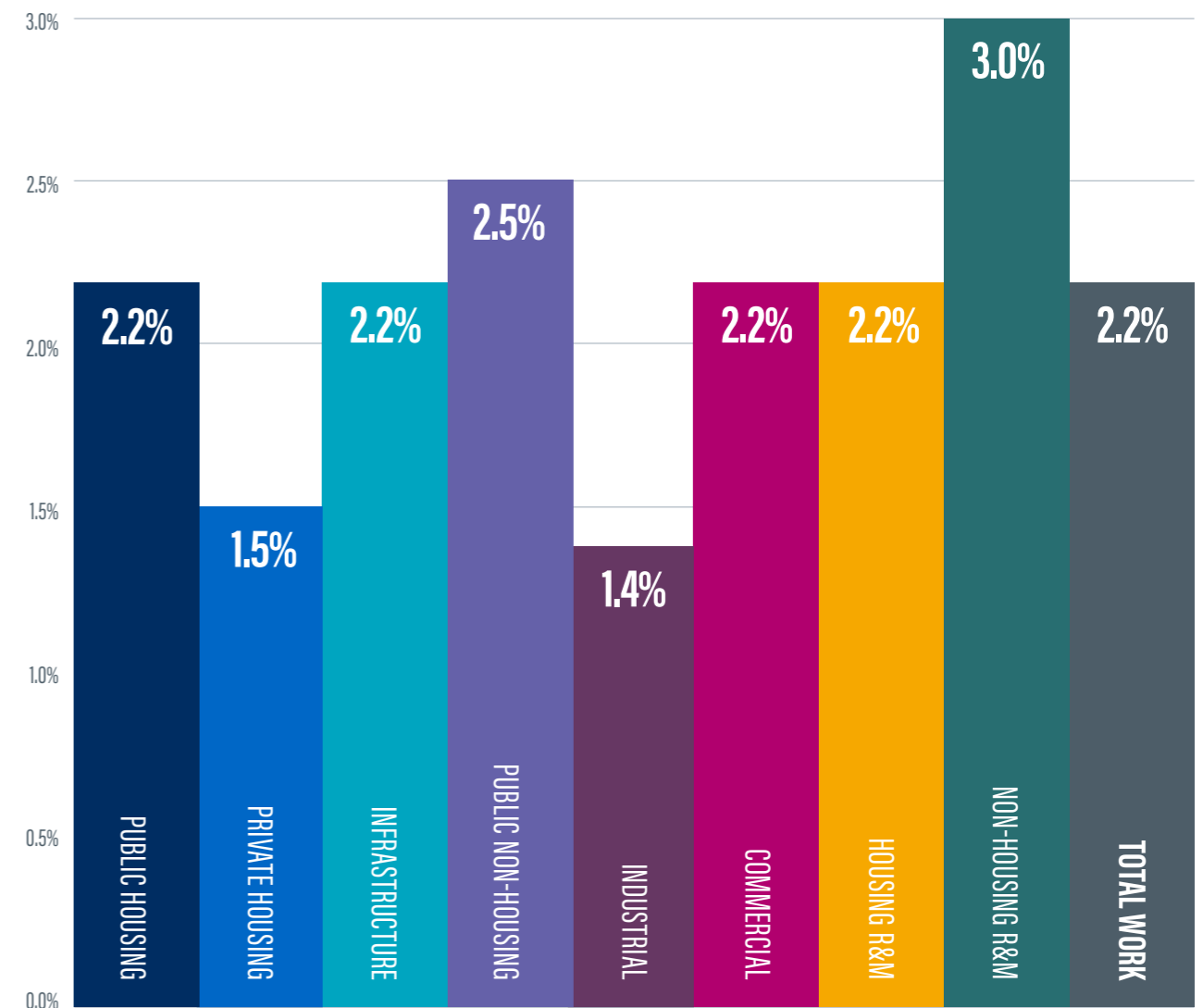
	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE	
		2023	2024	2025	2026	2027		2028
Public housing	344	2.3%	2.1%	2.3%	2.3%	2.3%	2.2%	2.2%
Private housing	4,944	-6.6%	9.5%	2.1%	1.6%	1.5%	1.5%	1.5%
Infrastructure	2,225	-1.3%	3.2%	3.5%	2.9%	2.8%	2.2%	2.2%
Public non-housing	850	4.3%	3.3%	2.1%	1.6%	1.3%	2.5%	2.5%
Industrial	649	-3.8%	2.6%	3.2%	2.8%	2.4%	1.4%	1.4%
Commercial	2,212	0.8%	2.7%	2.6%	2.4%	2.3%	2.2%	2.2%
New work	11,223	-2.8%	5.7%	2.6%	2.1%	2.0%	1.9%	1.9%
Housing R&M	3,230	2.2%	3.4%	1.9%	1.7%	1.6%	2.2%	2.2%
Non-housing R&M	4,628	6.8%	2.5%	2.4%	1.7%	1.7%	3.0%	3.0%
Total R&M	7,859	4.9%	2.9%	2.2%	1.7%	1.7%	2.7%	2.7%
Total work	19,081	0.3%	4.5%	2.4%	1.9%	1.9%	2.2%	2.2%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024 – 2028

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

NORTH WEST

FIGURE 4



WORKFORCE FORECAST²

▲ Average annual increase of construction workforce: **0.2%**

The level of output growth in the North West gives an annual average increase of 0.2% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 265,290 in the region will decrease slightly to 261,500 in 2024 before increasing to reach 268,440 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024³.

FIGURE 5

TOTAL EMPLOYMENT BY OCCUPATION – NORTH WEST	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	30,830	29,610	27,720
Construction project managers	5,420	5,760	6,050
Non-construction professional and technical office based staff	27,890	26,390	24,320
Other non-construction office-based staff	22,910	23,100	23,240
Construction trades supervisors	4,670	4,530	4,420
Carpenters and joiners	13,490	14,180	16,080
Bricklayers and masons	5,440	5,440	5,910
Other construction and building trades	13,340	13,470	14,360
Painters and decorators	5,200	5,100	5,550
Plasterers	5,120	5,030	5,600
Roofers	4,570	4,370	4,750
Floorers and wall tilers	4,430	4,380	5,320
Glaziers and window trades	3,330	3,250	3,610
Scaffolders	2,000	1,900	1,940
Plant operatives	4,310	4,220	4,440
Plant mechanics/fitters	6,980	6,710	6,810
Steel erectors and metal workers	2,530	2,540	2,630
Labourers	12,510	12,800	15,710
Groundworkers	4,510	4,450	4,470
Electrical installation trades	15,460	15,090	15,680
Plumbing and HVAC trades	12,910	13,220	14,660
Logistics	5,050	4,710	4,700
Road and rail construction operatives	2,070	2,130	2,430
Non-construction trades and operatives	3,820	3,750	3,940
Total (SIC 41-43)	218,790	216,130	224,340
Civil engineers	7,680	7,230	6,740
Other professionals and technical staff working in construction	26,840	26,090	25,290
Architects	2,470	2,680	2,920
Surveyors	9,500	9,360	9,130
Total (SIC 41-43, 71.1, 74.9)	265,290	261,500	268,440

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

2 Workforce covers construction contracting, SIC 41, 42 & 43 along with supporting technical and professional workers in SIC 71 and 74.9.

3 The 28 occupational groups used in the report have been updated to align with the new Standard Occupational Classification: SOC(2020). Full details are covered in accompanying Technical Annex.

ANNUAL RECRUITMENT REQUIREMENT (ARR)



The average annual recruitment requirement in the North West is set to average

1.8% PER YEAR

based on 2023 workforce levels, which is marginally lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 4,770 new workers

each year to deliver the expected work between the start of 2024 and end of 2028.

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

- Non-construction professional, technical, IT and other office-based staff (1,610 per year)
- Other construction professionals and technical staff working in construction (790 per year)
- Labourers (490 per year)

There will be pressure for non-construction professional, technical, IT and other office-based staff (5.8%), scaffolders (4.5%), labourers (3.9%), and carpenters and joiners (2.7%), where demand is high compared to their workforce level.

For occupations that have no ARR value on the table, indication is that recent levels of recruitment will be able to meet future need if they are maintained.

FIGURE 6

ANNUAL RECRUITMENT REQUIREMENT BY OCCUPATION – NORTH WEST	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	0.3%	80
Construction project managers	-	<50
Non-construction professional and technical office based staff	5.8%	1,610
Other non-construction office-based staff	2.1%	480
Construction trades supervisors	1.3%	60
Carpenters and joiners	2.7%	370
Bricklayers and masons	-	-
Other construction and building trades	-	-
Painters and decorators	1.5%	80
Plasterers	-	-
Roofers	1.1%	50
Floorers and wall tilers	-	<50
Glaziers and window trades	-	-
Scaffolders	4.5%	90
Plant operatives	-	-
Plant mechanics/fitters	1.0%	70
Steel erectors and metal workers	-	-
Labourers	3.9%	490
Groundworkers	-	<50
Electrical installation trades	1.7%	260
Plumbing and HVAC trades	0.5%	60
Logistics	-	-
Road and rail construction operatives	-	<50
Non-construction trades and operatives	-	<50
Civil engineers	2.0%	150
Other professionals and technical staff working in construction	2.9%	790
Architects	2.0%	50
Surveyors	0.8%	80
Total (SIC 41-43, 71.1, 74.9)	1.8%	4,770

Source: ONS, CSN, Experian. ONS: "This work contains statistical data from ONS which is Crown Copyright. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates." ref. CSN Explained, Section 4, Notes 5 and 6.

RECRUITMENT AND TRAINING

Apprenticeships picked up strongly after Covid-19 lockdown, ending academic year 2021/22 up by:

22%



The current level of recruitment in the region's construction industry has been around 20,000 workers per year, while slightly more left, around 21,000 workers per year. This gives a slight outflow of workers and helps to explain why the workforce levels have dipped in recent years.

For the industry to meet expected demand in the region, the forecast shows that recruitment would have to increase by the equivalent of 4,770 workers per year. This is important to understand because there is a still a relatively high level of construction vacancies in the North West that need filling going into 2024.

Figure 7 shows how construction job vacancies in the North West have remained above the UK trend in recent months, and they are still about 50% higher than pre-covid (2019) levels.

Construction workers are still in demand and relatively low levels of unemployment leads to competition for workers. To fill vacancies and recruit new staff, companies can:

- Attract skilled workers who have left the industry back into construction. This would be either those who have left to work in other industries or those that have become unemployed or inactive.
- Recruit and train new entrants into construction from those leaving school, further education, higher education or migration
- Improve the retention of workers within the industry.
- Look at how productivity can be improved.

Companies that meet what workers value the most are the ones that are more likely to be successful at attracting and retaining new staff.

That could range from being able to offer long-term career opportunities with support to help development, through to good levels of pay, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

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

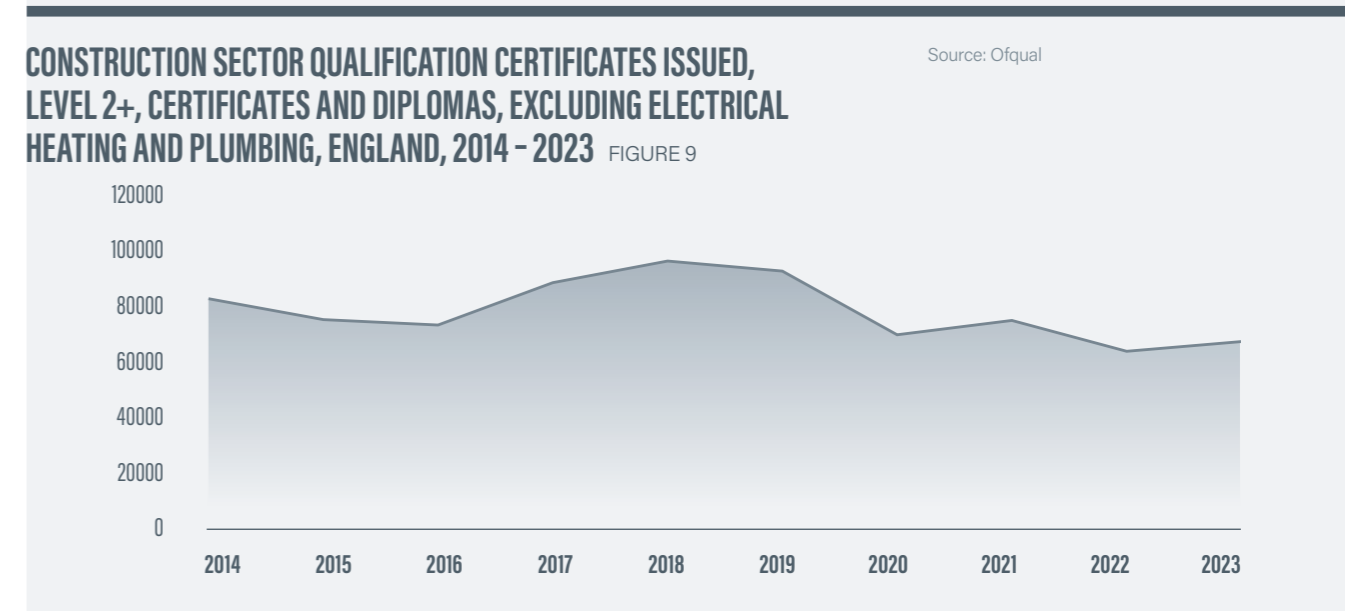
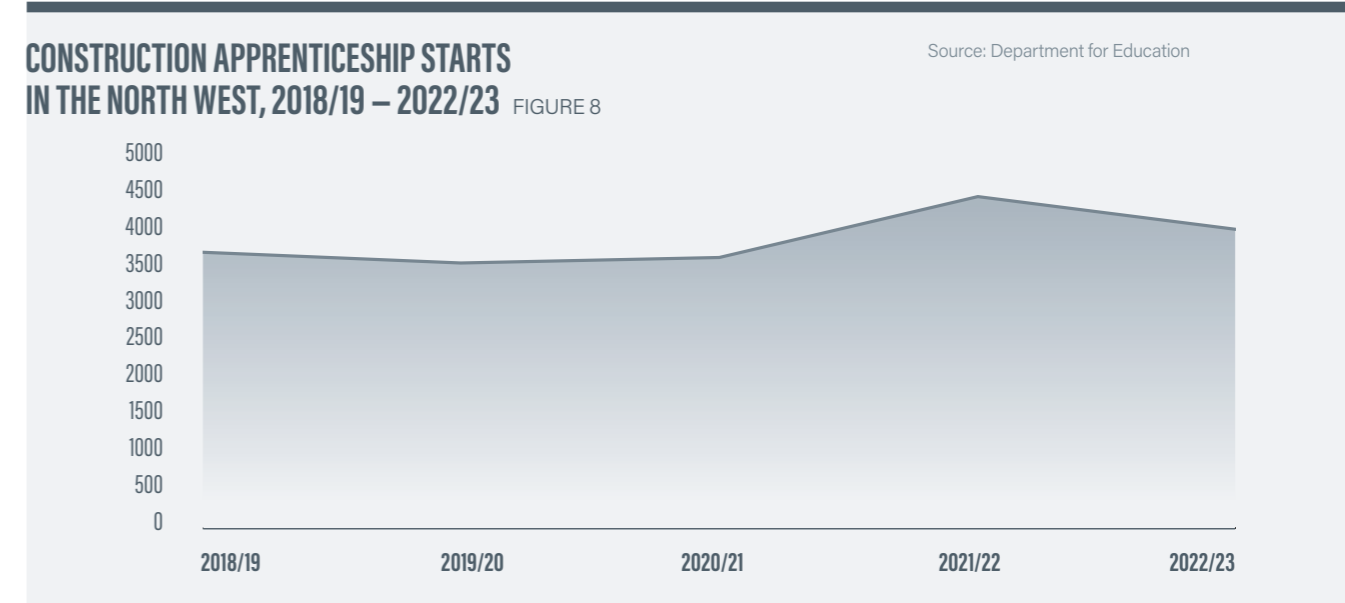
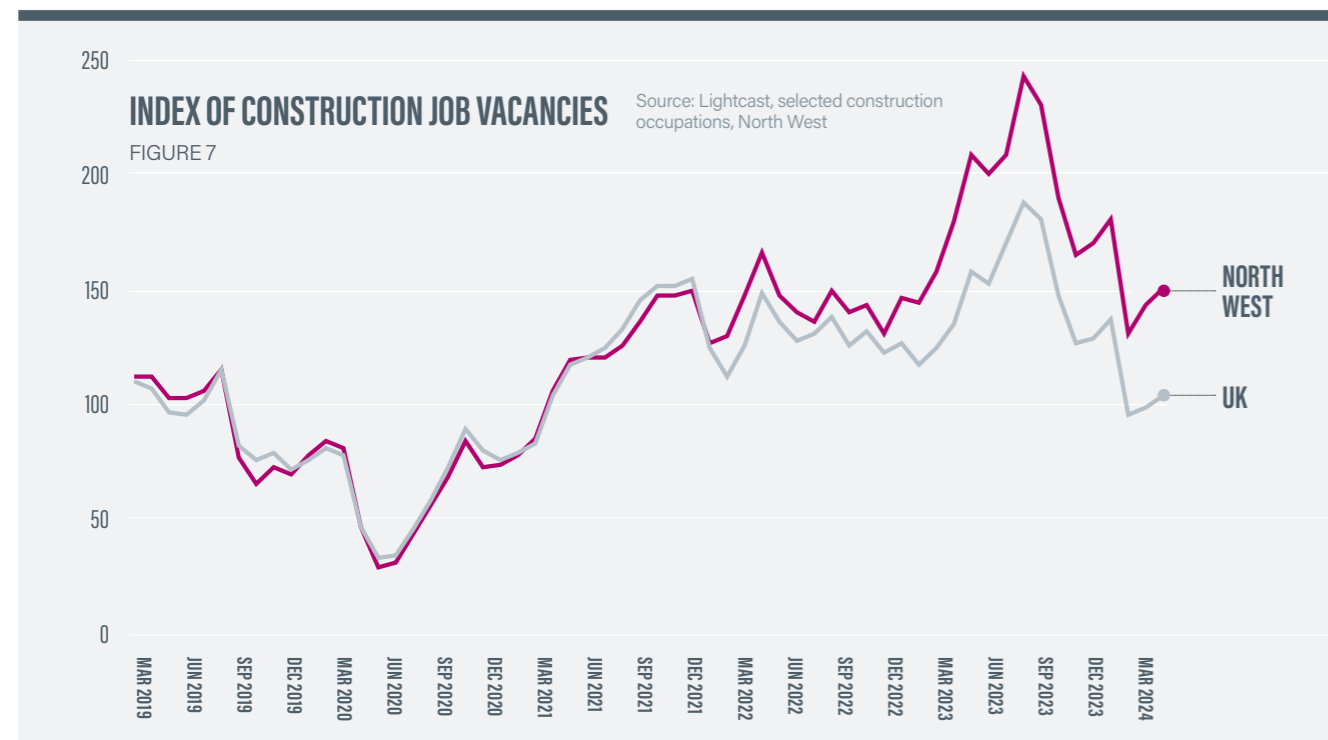
Figure 8 shows construction apprenticeship starts in the North West picked up strongly after Covid-19 lockdown, ending the 2021/22 academic year 22% up on 2020/21, however, they dropped in 2022/23 by 10%. Indications are that 2023/24 will see a further drop in starts as half year numbers are down 3% compared to the same point in 2022/23 ■

Looking at the range of construction training achieved across England at Level 2 and above, there is a similar pattern. From 2014–2016 there was a decline in certificates issued, which then increased from 2017–2019, with the main qualifications being related to plant operations, site carpentry and brickwork. 2020 saw a reduction in the number of certificates being issued,

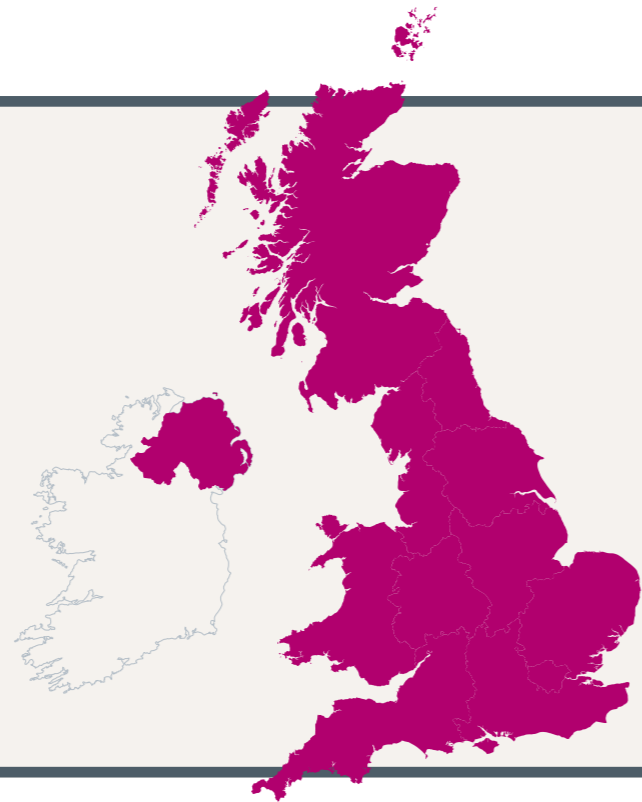
which hasn't really increased (see Figure 9).

- 2014–2016: average of 80,000 certificates per year
- 2017–2019: average of 95,000 certificates per year
- 2020–2023: average of 72,000 certificates per year.

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



CITB SUPPORT TO INDUSTRY



As employers are struggling to find workers, CITB will support the construction industry by investing in three priority areas:

- **Inform and enable diverse and skilled people into construction:** by raising the profile of construction careers through activities such as Go Construct, Skillbuild, and STEM Ambassadors. Supporting people into the industry through work experience and Tasters, Apprenticeships, the New Entrant Support Team, and Onsite Experience hubs, and providing funding to support the cost of training new entrants.

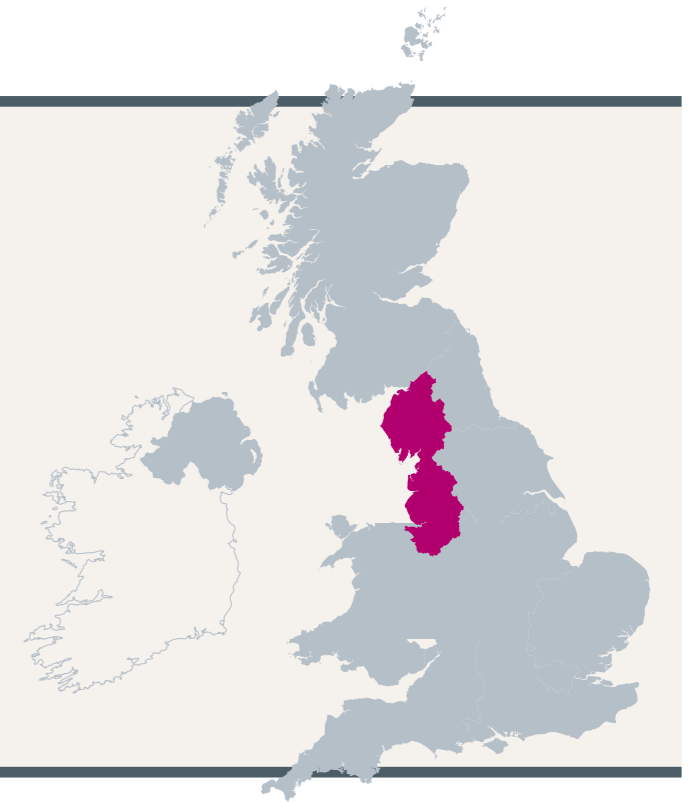
- **Develop a training and skills system to meet current and future needs:** updating standards, to ensure training delivers the skills industry needs, working with industry to develop a competence-based skills system that will provide more flexible routes in, and working with governments to influence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

- **Support the industry to train and develop its workforce:** this is imperative to meet the skills needs of industry. Employers have told us they are looking to upskill their workforce to fill gaps, and core occupational training needs to be delivered efficiently. To make this work, CITB will develop and test a new Training Needs Analysis service, to help small businesses make informed decisions about the training they need. CITB will also provide financial incentives to help businesses to do more training and work with providers to identify gaps in supply so that good quality training is available when and where it's needed. ■

CITB WILL DEVELOP AND TEST A NEW TRAINING NEEDS ANALYSIS SERVICE, TO HELP SMALL BUSINESSES MAKE INFORMED DECISIONS ABOUT THE TRAINING THEY NEED.



CITB SUPPORT TO THE NORTH WEST



In the North West, CITB's Engagement Team:

- **Are supporting stakeholders across the region** to improve construction's people pipeline and raise the profile of the many fantastic career opportunities the industry has to offer. This includes working with Careers Enterprise Cumbria, the LEP and other partners to implement a careers strategy to address the severe skills shortages in the region. The purpose of the Futures Campaign is to attract those in education, seeking employment, looking for a career change or those considering returning to the workplace to consider a career in construction.

- **Worked with the Greater Manchester Combined Authority** to deliver a webinar which resulted in a number of employer STEM ambassadors committing to inspire the next generation to understand the range of career opportunities construction has to offer.

- **Supported C & R Civil Remediation and the Cheshire Pledge** to roll out a construction simulator with school pupils aged 11 to 15, with the intention of increasing participation in civil engineering career pathways and ultimately helping to address the labour shortage in the construction industry. The simulator has provided an innovative and interactive insight into career opportunities in the civil engineering sector and inspired individuals to join the industry.

- **Have worked closely with Employer Representative Bodies** across all regions of the Northwest to support the rollout of Local Skills Improvement Plans to place employers at the heart of local skills systems and make technical education more responsive to local labour market needs.

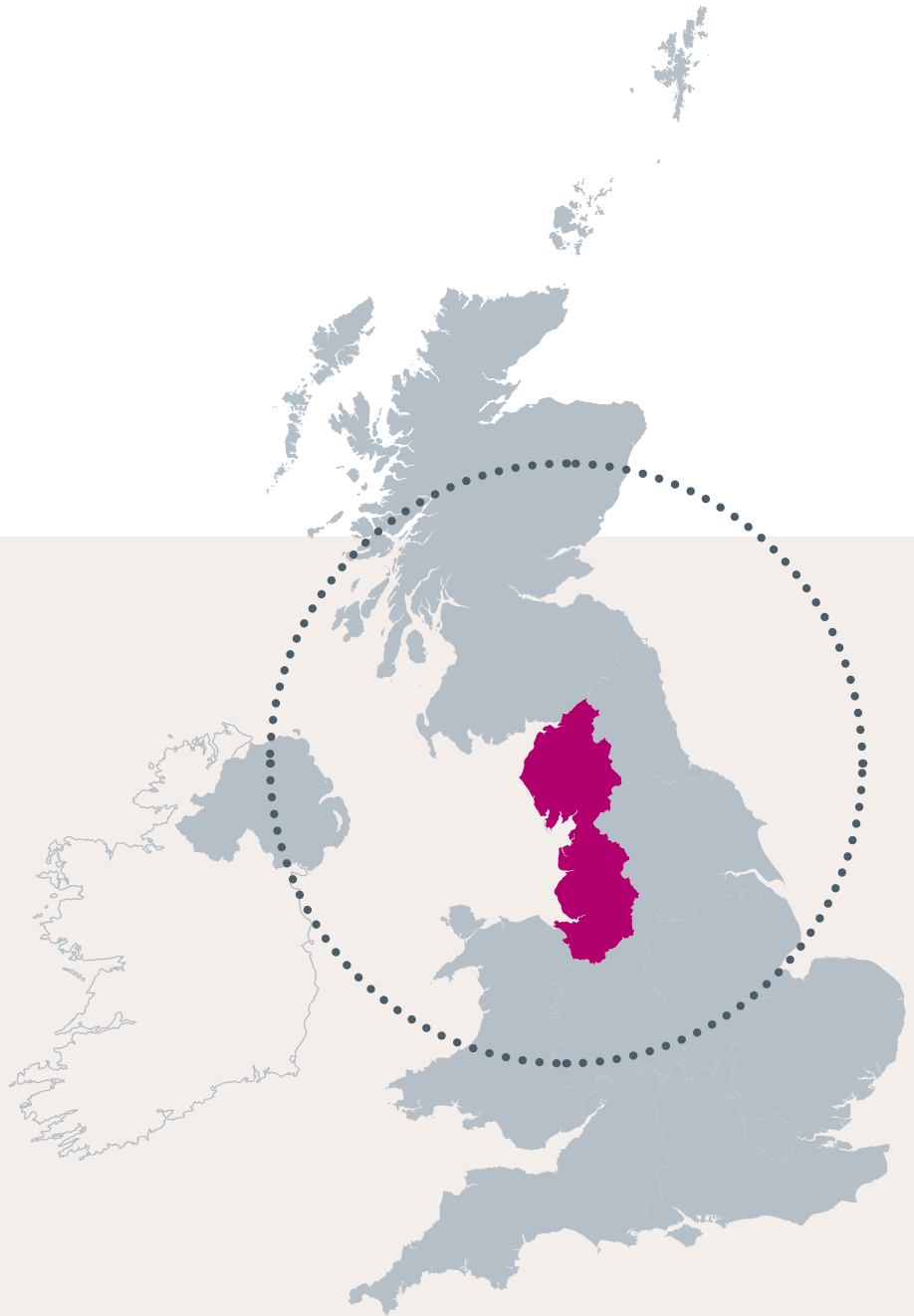
- **Supported stakeholders to develop skills bootcamps in construction** by increasing employer engagement to encourage the successful delivery of positive outcomes. This led to new bootcamps being developed based on employer needs for groundworks and scaffolding.

Overcoming skills shortages by supporting training and recruitment in a more competitive labour market requires combined action from CITB, construction companies, training providers and government. Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring the 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, annually the construction industry will continue to support more than 265,000 workers and contribute £20bn worth of output from an industry that accounts for 13% of all businesses that employ people in the region. ■



Annually the construction industry will contribute over

£20bn
WORTH OF OUTPUT



NORTH WEST

**FOR MORE INFORMATION
ABOUT THE CONSTRUCTION
SKILLS NETWORK CONTACT:**

**IAN HILL
INDUSTRY INSIGHT MANAGER
IAN.HILL@CITB.CO.UK**

**VISIT:
CITB.CO.UK/CSN**

Cover image: Albert Dock beside
the river Mersey, Liverpool