ConstructionSkills Network 2011-2015
Yorkshire and Humber

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 - Yorkshire and Humber

Construction output in Yorkshire and Humber is forecast to decline at an annual average rate of 0.6% between 2011 and 2015, making it the worst performing of all the regions and nations. This figure masks a stark divergence between the new work and repair and maintenance (R&M) sectors; new work output is projected to decline at an average rate of 2% per year, whilst R&M work is expected to rise by 1.4%. Total construction employment in the region is projected to reach almost 239,700 in 2015, 7.1% higher than 2011's forecast 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

Private housing is expected to be the most buoyant sector, growing at an annual average rate of

9.7% and higher than the UK figure of

6%

Key findings

The region's private housing sector is expected to be the most buoyant over the forecast period, growing at an annual average rate of 9.7%. This is markedly higher than the UK figure of 6%. Favourable demographic trends in Yorkshire and Humber, coupled with improving credit conditions and a relatively low house-price-to-income ratio, are likely to drive the buoyant growth in the sector. The industrial sector is expected to see output rise by 5.9% on average per year over the forecast period, as strengthening global conditions underpin demand for new facilities.

With an annual average rate of decline of 18.5%, the public non-housing sector is projected to be the worst performing sector in Yorkshire and Humber, as the remaining work on the conventionally-funded Building Schools for the Future (BSF) programmes is completed. Around 82 schools projects from later waves of the BSF programme were affected by its axing and this, coupled with wider government funding cuts, will have a significant impact on the sector.

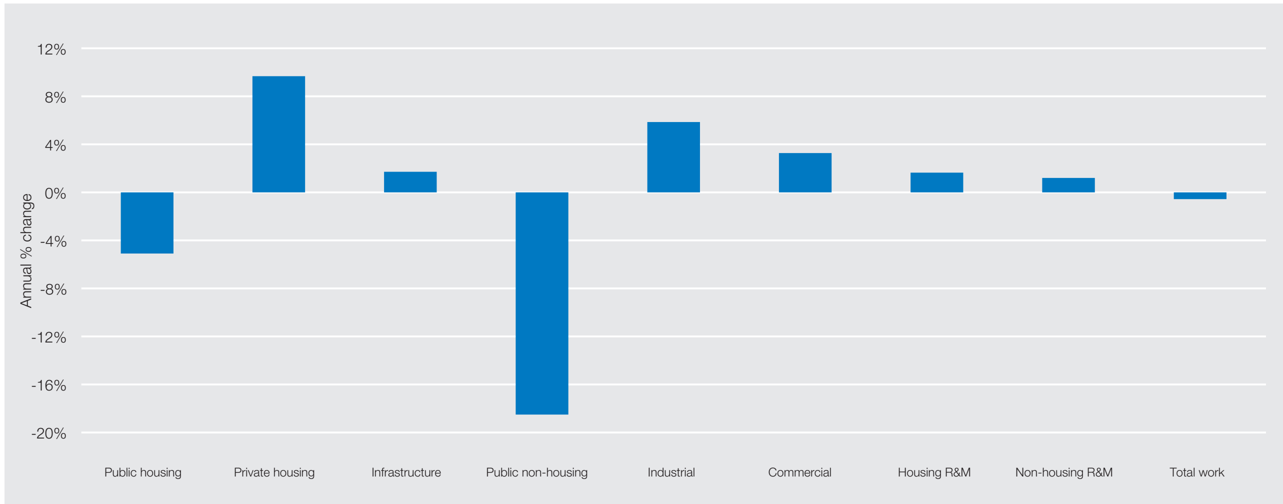
The public housing sector is also expected to see an annual average decline over the forecast period, albeit by a weaker 5.1%. Funding for the public housing sector in England has been cut by almost 50% to £4.4bn for the 2011-2015 period and every region will be impacted. As work on the Kickstart programme begins to wind down in 2011 and 2012, and with the majority of funding for the 2011-2015 period "back-end loaded", the sector is likely to be particularly badly affected in the shorter term, with moderate growth projected towards the end of the forecast period.

The Leeming to Barton section of the A1 improvement scheme was cancelled in the Spending Review and this will have a negative impact on the infrastructure sector over the forecast period, with output in the sector expected to grow at an annual average rate of just 1.7%. Construction on a planned biomass power station in Sheffield is due to start in 2011, but there are very few other major infrastructure projects on the horizon in Yorkshire and Humber. Commercial construction output is projected to see average growth of 3.3% per year over the 2011-2015 period, with work recently having resumed on the Trinity Leeds scheme and a number of other retail and office projects due to start over the next five years.

Taking a 12.1% share of total construction employment, wood trades and interior fit-out was the largest trade occupation in Yorkshire and Humber in 2009 and is expected to remain so over the forecast period. This occupational group is also forecast to see the largest increase in construction-specific employment at 2,380, but in percentage terms the strongest rise is for specialist building operatives nec*, civil engineers (17%) and glaziers (15%). At 2,510, the ARR over the forecast period is equivalent to 1.1% of base 2011 employment, the weakest across the UK.

Winter Graden, Sheffield

Annual average construction output growth 2011-2015 - Yorkshire and Humber



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

*nec - not elsewhere classified

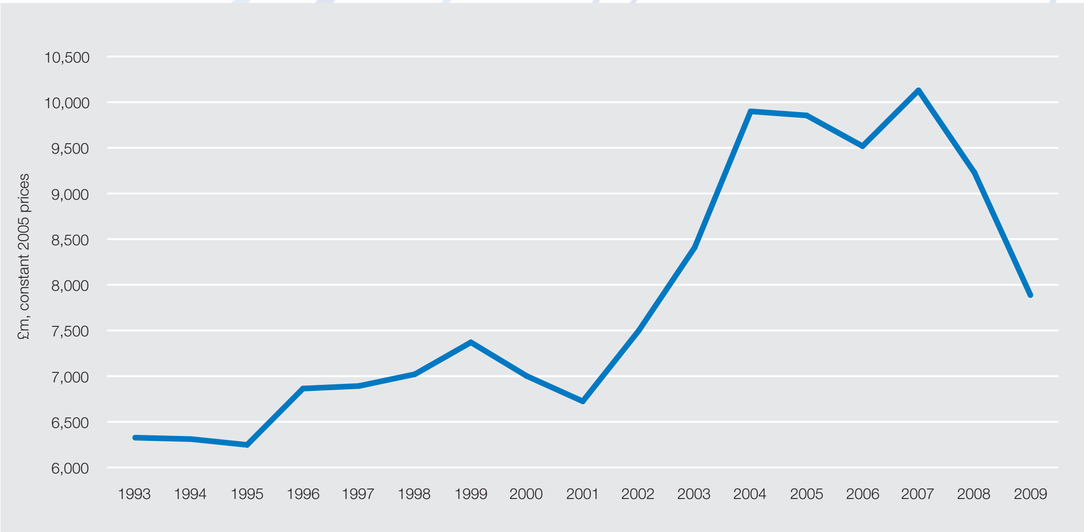
2. The outlook for construction in Yorkshire and Humber

2.1 Construction output in Yorkshire and Humber – overview

In 2009, construction output in Yorkshire and Humber fell by 15% to total just £7.9bn, in 2005 prices. This was the lowest annual outturn since 2003. The pace of contraction in output was broadly the same across both the new work and repair and maintenance (R&M) sectors.

Growth was particularly marked in the infrastructure sector where output jumped by 73% to an 11-year high of £856m. The public non-housing sector also saw a double-digit rise in output, taking it through the £1bn mark for only the second time since the recalibrated constant priced regional output series began in 1990. In contrast, output in the private housing sector dropped by 47% and commercial construction output fell by 34% to an 8-year low of £1.2bn.

Construction output 1993-2009 - Yorkshire and Humber



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

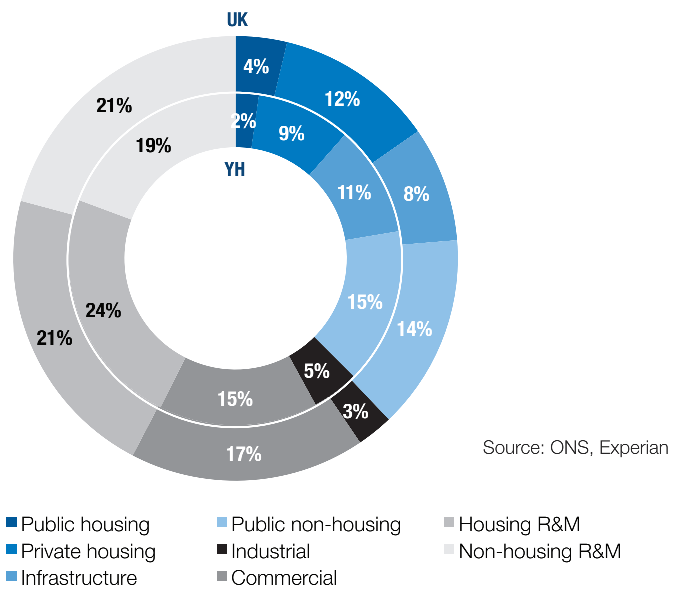
2.2 Industry structure

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

There are a number of differences between the structure of Yorkshire and Humber's construction sector compared with the UK as a whole. The housing R&M sector is relatively more important in the region, accounting for 24% of total construction output (compared with 21% in the UK as a whole), but the non-housing R&M sector takes a slightly smaller share, meaning that the region's new work-R&M split is broadly similar to the UK as a whole.

The private housing sector is relatively less important in Yorkshire and Humber, taking a 9% share of output compared with a UK figure of 12%. The public housing sector accounts for just 2% of total construction output in the region, compared with 4% in the UK as a whole. Yorkshire and Humber's manufacturing sector takes a larger share of total construction output in the region, 5%, compared with a national figure of 3%.

Construction industry structure 2009 - UK vs. Yorkshire and Humber (NW)



Source: ONS, Experian

Economic structure - Yorkshire and Humber (£ billion, 2006 prices)

Selected sectors	Actual	Forecast Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Public services	20.3	1.0	-0.1	0.0	0.5	0.6	1.0
Financial and business services	16.2	1.2	1.5	2.4	2.6	2.4	2.8
Transport and communications	6.2	1.4	1.7	1.9	1.9	2.4	2.7
Manufacturing	12.7	3.3	3.7	1.9	1.4	1.3	1.3
Distribution, hotels and catering	12.2	2.3	0.9	1.7	2.3	2.3	2.4
Total Gross Value Added (GVA)	**79.8**	**1.7**	**1.6**	**1.6**	**1.6**	**1.5**	**1.7**

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 Yorkshire and Humber fell by 4.6% in 2009, a second successive year of decline. The region's GVA totalled £79.8bn, in 2006 prices, 6.9% of total UK output.

The public services sector was the largest in the region in 2009, taking a 25% share of total output, unchanged from 2008, as output in the sector fell by a negligible 0.1% during 2009. The financial and business services sector share of total output in the region has increased substantially over the past decade; in 2000, the sector accounted for 13.6% of total output, by 2009 this had risen to 20.3%. However, this is still a smaller proportion that in the UK as a whole where it accounted for 29% of total output in 2009.

In 2009, the manufacturing sector in Yorkshire and Humber accounted for 15% of total regional output, down from 17% during most of the past decade, but still significantly higher than the UK figure of 9%. With the exception of the construction sector, manufacturing output saw the most marked decline, falling by 11% in 2009.

The region's economy returned to growth in 2010, with output rising by an estimated 1.7%, following two years of decline. The manufacturing and distribution, hotels and catering sectors were expected to be the most buoyant, as output rose by an estimated 3.3% and 2.3%, respectively.

2.5 Forward looking economic indicators

After returning to growth in 2010, GVA in Yorkshire and Humber is forecast to rise in each year of the forecast period to 2015. However, with an annual average growth rate of 1.6%, the region is expected to underperform compared to the national average of 2%. The financial and business services and transport and communications sectors are expected to be the best performing over the 2011-2015 period.

Following two years of decline to 2011, real disposable incomes in the region are expected to rise throughout the rest of the forecast period to 2015. This is a similar pattern to across the UK as a whole, although rates of contraction are stronger in Yorkshire and Humber. In the shorter term, disposable incomes are coming under pressure from high levels of inflation, weak wage increases and tax increases during 2011.

The debt-to-income ratio in Yorkshire and Humber rose substantially over the decade to 2009 and stood at 1.2 at the end of the period. Nevertheless, households in the region are relatively less indebted than on average across the UK, where the ratio was 1.6 in 2009. Both measures are expected to fall over the 5 years to 2015, with Yorkshire and Humber's ratio dropping below 1.0 for the first time in more than 10 years to reach 0.97 in 2015.

As was the case in the UK as a whole, house prices in Yorkshire and Humber rose substantially between 2000 and 2007, with average house prices in the region reaching £163,583 (according to the Department for Communities and Local Government's mix-adjusted house price measure). House prices fell markedly in 2008 and 2009 before seeing some increase in 2010. A negligible fall in house prices is forecast in 2011 before annual house price inflation returns during the remaining years of the forecast period. However, at 2.3%, annual house price inflation is expected to remain significantly below the rates seen during the early years of the decade.

Economic indicators - Yorkshire and Humber (£ billion, 2006 prices - unless otherwise stated)

	Actual	Forecast Annual % change, real terms					
	2009	2010	2011	2012	2013	2014	2015
Real household disposable income	65	-1.3	-0.3	0.6	1.4	1.8	2.1
Household spending	63	0.6	0.8	0.8	1.3	1.5	2.0
Debt:Income ratio	1.15	1.10	1.05	1.02	1.00	0.98	0.97
House prices (Index 2003 = 100)	142	147.5	147.1	147.8	150.9	154.4	158.0
LFS unemployment (millions)	0.22	0.24	0.25	0.26	0.25	0.23	0.22

Source: ONS, DCLG, Experian

Continued

2. The outlook for construction in Yorkshire and Humber

New work construction orders - Yorkshire & Humber (£ million, current prices)

	Actual	Annual % change				
	2009	2005	2006	2007	2008	2009
Public housing	145	126.0	-23.4	73.6	-28.4	-13.9
Private housing	434	-0.8	14.9	12.9	-61.1	-31.6
Infrastructure	1,021	59.7	48.7	-25.1	-48.0	252.4
Public non-housing	1,728	-24.7	-1.8	19.2	-0.7	64.5
Industrial	312	-5.8	22.4	-30.0	-15.9	-39.3
Commercial	840	0.5	12.1	59.0	-49.8	-44.7
Total new work	**4,481**	**-1.1**	**14.0**	**18.9**	**-41.4**	**7.3**

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

2.6 New construction orders – overview

Following a marked fall in 2008, new construction orders in Yorkshire and Humber rose by 7% in 2009, the only region or devolved nation to see an increase during the year.

The strong performance of new orders was largely due to the buoyancy of two sectors, infrastructure and public non-housing. New orders in the former jumped by 252% to a record £1.02bn, in current prices, as contracts were let on the next stage of the A1 improvement scheme. New public non-housing orders rose by 65% to £1.7bn, the highest total since the series began in 1985, with the second half of the year particularly strong. A number of publicly-funded BSF programmes were responsible for this increase.

In contrast, the remaining sectors saw double-digit declines in new orders, with the new commercial construction orders falling at the strongest rate, 45%. Industrial construction orders declined by 39% as the bleak state of the manufacturing sector did not encourage investment in new facilities.

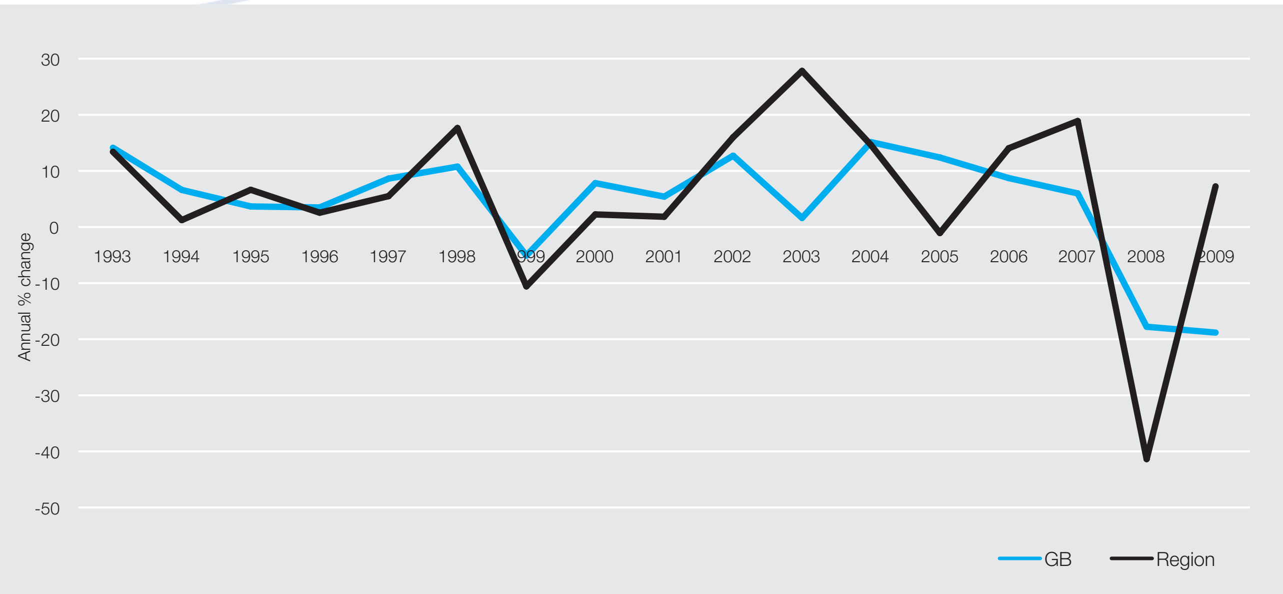
2.7 New construction orders – current situation

The strong performance did not continue into 2010, with new orders in the six months to June 2010 falling by 19%, year-on-year, to £1.6bn, in current prices. This was also a decline of 36% half-year-on-half-year.

Rather unsurprisingly, new infrastructure orders fell substantially from 2009's record high, declining at an annual rate of 79% in the first half of 2010. New orders were also down by 65% compared with the previous half year. It was a similar story for the public non-residential sector where new orders in the six months to June 2010 fell by 58% compared to the strong second half of 2009, but were 34% higher than in the corresponding period of 2009.

After a weak two years, public housing new orders totalled £112m, in current prices, in the first half of 2010, 44% higher than the same period of 2009 and an increase of 68%, half-year-on-half-year. New private housing orders also rose during the same period, up by 40%, year-on-year, although weaker than in the second half of 2009.

New construction orders growth 1994-2009 - Yorkshire and Humber 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 the first half of 2010, construction output in Yorkshire and Humber totalled £4.3bn, in current prices, 1% lower than in the corresponding period of 2009, but 0.5% above the outturn in the second half of 2009. R&M output rose by 3%, year-on-year, during that period, compared with a decline of 3% for the new work sector.

After an anticipated increase in construction output in 2010, the first for three years, the region's construction sector is expected to contract in both 2011 and 2012. Output is projected to decline at an annual average rate of 2.1% over the two years. This is due to falls in new work output, with the R&M sector forecast to see modest growth in 2011. The new work sector is expected to see output decline at an average rate of 3.7% per year.

The best performing sector is the short term is projected to be private housing with an annual average growth rate of 13% per year. Easing access to credit, along with greater affordability in the region, is likely to underpin the strong performance of the sector. With average growth of 8.9% per year, the industrial sector is also expected to fare well, as improving global demand for goods stimulate demand for new facilities.

Growth is also expected to return to the commercial sector in 2011, with the pace of increase strengthening into 2012, giving an average annual growth rate of 7.2% per year. Work restarted on the Trinity Leeds scheme in Summer 2010, with construction due to be completed by 2013.

Following very strong growth in 2009, infrastructure output is projected to continue to rise in the short term, albeit at substantially weaker rates. Over the 2011-2012 period, output in the sector is expected to grow at an average rate of 2.4% per year. In November 2010, the Highways Agency announced that the Leeming to Barton section of the A1 improvement scheme had been cancelled following government budget announcements. Work is still continuing on previous sections of the A1 scheme, but the output stream from this will begin to fall in 2011.

The public housing and public non-housing sectors are the only two forecast to see output fall in the short term, as public spending cuts begin to be felt. The region suffered quite badly from the axing of the Building Schools for the Future (BSF) programme, with a number of post-Wave 4 projects being scrapped. The Kickstart Housing Development programme, designed to unlock stalled mixed-tenure housing developments, has benefitted the public (and private) housing sector over the past year or so, but with the deadline for phase 1 in April 2011 and for phase 2 in June 2012, output from this programme will begin to reduce during 2011.

Construction output - Yorkshire and Humber (£ million, 2005 prices)

	Actual 2009	Forecast annual % change			Annual average 2011-2012
		2010	2011	2012	
Public housing	178	45%	-23%	-14%	-18.5%
Private housing	730	-7%	11%	15%	13.0%
Infrastructure	856	7%	3%	1%	2.4%
Public non-housing	1,193	56%	-11%	-31%	-21.8%
Industrial	357	-19%	6%	12%	8.9%
Commercial	1,215	-14%	2%	13%	7.2%
New work	**4,530**	**11%**	**-3%**	**-5%**	**-3.7%**
Housing R&M	1,832	2%	-1%	2%	0.4%
Non-housing R&M	1,525	6%	-1%	1%	0.1%
Total R&M	**3,357**	**4%**	**-1%**	**2%**	**0.3%**
Total work	**7,887**	**8%**	**-2%**	**-2%**	**-2.1%**

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

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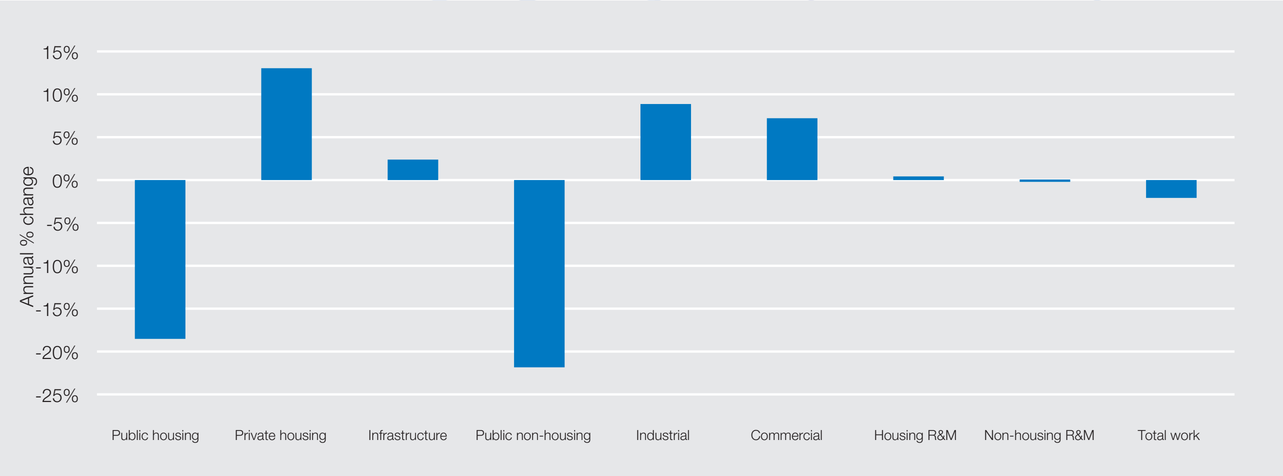
2. The outlook for construction in Yorkshire and Humber

Annual average construction output growth 2011-2012 - Yorkshire and Humber



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

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

The prospects for Yorkshire and Humber's construction industry over the longer term are not particularly rosy, with output projected to decline at an average rate of 0.6% per year. This compares to an annual average growth rate of 1% for the UK as a whole. Whilst new work output is expected to fall at an average annual rate of 2%, the R&M sector is forecast to see growth of 1.4% per year on average over the 2011-2015 period.

Looking at the individual sectors, it is the private housing one which is expected to be the most buoyant over the period. Demographic trends in the region remain positive with the working age population increasing at a steady pace. The house-price-to-income ratio in Yorkshire and Humber is projected to remain below the national average and these factors, coupled with easing credit conditions for both developers and potential buyers, is likely to drive growth in this sector. The region's private housing sector is forecast to be one of the most buoyant across the UK as a whole, with average growth of 9.7% per year.

Following a tough four years for the industrial sector, it is expected to return to growth in 2011 and see output rise in each year of the forecast period. Export demand will continue to strengthen and boost demand for new facilities. An average annual growth rate of 5.9% is forecast, but despite this strong growth, the level of output in 2015 will remain substantially below its 2006 peak. There is a £42m scheme to build industrial units in Richmond, North Yorkshire, in the pipeline, with construction due to start in April 2011 and be completed by October 2012

Strengthening demand for office and retail facilities will underpin the recovery in the commercial construction sector over the 2011-2015 period. Output is projected to rise by 3.3% per year on average over the forecast period. In addition to the Trinity Leeds scheme, planning permission has recently been granted for a 78-bed hotel as part of Holbeck Urban Village in Leeds, with expectations that further applications for a mixed-use scheme and retail space on the same site will also be granted. Also in the pipeline is a £1bn mixed-use development as part of the Sheffield Development Scheme.

Infrastructure construction output in Yorkshire and Humber is expected to rise modestly over the forecast period to 2015 with average growth of 1.7% per year. Although the later stages of the A1 improvement programme have been stopped, there will be some energy-related work coming through in the region over the forecast period. In 2008, planning permission was granted for a 30MW biomass energy plant at Blackburn Meadows in Sheffield. Construction was originally planned for 2010, but is now not expected to start until 2011.

The public housing and public non-housing sectors are projected to fare the worst over the 5 years to 2015. Public non-housing output is expected to decline in each year of the forecast period and by 18.5% per year on average. This is a significantly stronger fall than in the UK as a whole, where output in the sector is forecast to drop at an annual average rate of 12.4%. There is some work from conventionally funded BSF programmes in the region still to come, but there are few other schemes in the pipeline and government spending cuts mean that there is unlikely to be any funding available for new projects.

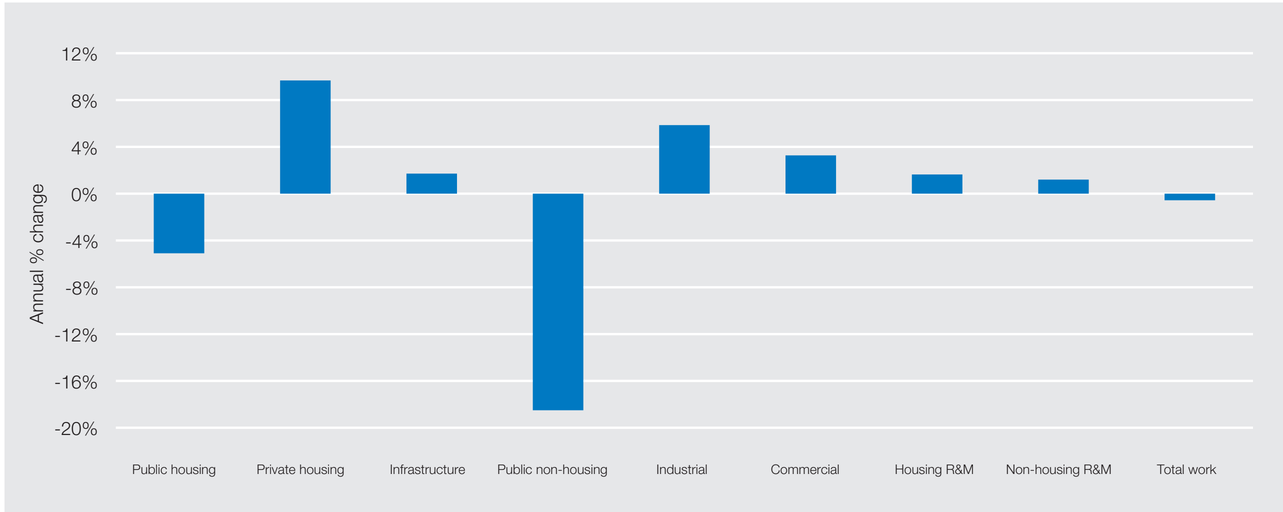
Government funding for public housing has been almost halved for the next review period, with £4.4bn available between 2011-2015 compared with the £8.4bn in the 2008-2011 National Affordable Housing programme (NAHP). Funding for the 2011-2015 period is largely "back-end loaded" and thus there may be some growth in the sector towards the end of the five-year period. Over the 18 months to September 2010, the region saw 2,882 housing starts under the 2008-2011 NAHP and a further 974 public units under the Kickstart programme. There were 3,786 units completed under the NAHP during the same period and 53 public units with Kickstart funding.

Construction output - Yorkshire and Humber (£ million, 2005 prices)

	Estimate 2010	Forecast annual % change					Annual average 2011-2015
		2011	2012	2013	2014	2015	
Public housing	258	-23%	-14%	8%	1%	7%	-5.1%
Private housing	679	11%	15%	10%	8%	5%	9.7%
Infrastructure	912	3%	1%	1%	2%	1%	1.7%
Public non-housing	1,860	-11%	-31%	-26%	-17%	-5%	-18.5%
Industrial	288	6%	12%	5%	3%	3%	5.9%
Commercial	1,043	2%	13%	1%	1%	1%	3.3%
New work	**5,039**	**-3%**	**-5%**	**-3%**	**-1%**	**1%**	**-2.0%**
Housing R&M	1,861	-1%	2%	2%	3%	3%	1.6%
Non-housing R&M	1,615	-1%	1%	2%	2%	2%	1.2%
R&M	**3,476**	**-1%**	**2%**	**2%**	**2%**	**2%**	**1.4%**
Total work	**8,515**	**-2%**	**-2%**	**-1%**	**1%**	**2%**	**-0.6%**

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

Annual average construction output growth 2011-2015 - Yorkshire and Humber



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

2.10 Beyond 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 Yorkshire and Humber, with the Green Investment Bank and other investment measures expected to boost levels of retrofitting work.

Another project on the horizon is the planned £250m Leeds trolleybus scheme. The Leeds New Generation Transport scheme is currently on a short list of projects that will have to compete for £600m of government funding, following the Transport Secretary's announcement regarding investment in highways and local transport schemes. The project was due to start in 2013, with a three-year build horizon, however there is a good chance this date will slip back.

3. Construction employment forecasts for Yorkshire and Humber

3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in Yorkshire and Humber 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 Section 5 of CSN Explained.

Total construction employment, including SIC 45 and 74.2, in Yorkshire and Humber is projected to total 239,670 in 2015. This is an increase of 7.1% on 2011's forecast outturn and 7.3% above 2009's level. The weak employment growth in the shorter term reflects the gloomy output forecasts, before recovery in the more labour-intensive R&M sector sets in towards the end of the forecast period.

As is the case across most of the UK, the largest trade occupation in Yorkshire and Humber in 2009 was wood trades and interior fit-out, which accounted for 12.1% of total construction employment. It is forecast to rise by 8.6% between 2011 and 2015 and slightly increase its share of total employment to 12.6%.

Specialist building operatives nec* and civil engineers (17%), glaziers (15%) and labourers nec (13%) are expected to see the largest increases in construction-specific employment over the 5 years to 2015. Workers in these occupations generally work across a range of sectors, meaning that they are less affected by downturns in specific sectors.

In absolute terms, the largest rises are for wood trades and interior fit-out (2,380) and plumbing and HVAC trades (2,270), the largest two trade occupations in the region. Plant operatives (20), logistics personnel (60) and steel erectors/structural personal (70) are expected to see the smallest increases in employment over the forecast period.

Total employment by occupation - Yorkshire and Humber

	Actual 2009	Forecast	
		2011	2015
Senior, executive, and business process managers	12,160	11,680	12,580
Construction managers	23,310	22,920	24,500
Non-construction professional, technical, IT, and other office-based staff	23,940	24,860	25,820
Wood trades and interior fit-out	27,120	27,760	30,140
Bricklayers	7,630	8,230	8,600
Building envelope specialists	8,100	8,270	9,120
Painters and decorators	6,660	6,870	7,050
Plasterers and dry liners	4,550	4,370	4,660
Roofers	3,300	3,390	3,790
Floorers	2,370	2,510	2,590
Glaziers	1,740	1,790	2,050
Specialist building operatives nec*	5,080	5,090	5,960
Scaffolders	1,780	1,540	1,680
Plant operatives	3,440	3,390	3,410
Plant mechanics/fitters	4,370	4,900	4,980
Steel erectors/structural	1,860	1,860	1,930
Labourers nec*	10,910	9,390	10,630
Electrical trades and installation	14,270	15,840	16,070
Plumbing and HVAC Trades	18,970	19,200	21,470
Logistics	3,600	3,350	3,410
Civil engineering operatives nec*	7,580	6,130	6,760
Non–construction operatives	3,390	3,100	3,250
Civil engineers	5,960	5,660	6,610
Other construction professionals and technical staff	14,030	14,280	14,890
Architects	2,230	2,040	2,430
Surveyors	4,950	5,440	5,290
Total (SIC 45)	**196,130**	**196,440**	**210,450**
Total (SIC 45 and 74.2)	**223,300**	**223,860**	**239,670**

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 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 ARR between 2011 and 2015 for the 26 occupational groups within Yorkshire and Humber's construction industry is illustrated in the table. The ARR of 2,510 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 ARR in absolute terms is for wood trades and interior fit-out at 650, 26% of the total, but this is just 2.3% of base 2011 employment for the occupation. By far the highest ARR as a proportion of base 2011 employment is for floorers at 13%, followed by construction managers at 7%.

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 - Yorkshire and Humber

	2011-2015
Senior, executive, and business process managers	-
Construction managers	160
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	650
Bricklayers	180
Building envelope specialists	150
Painters and decorators	140
Plasterers and dry liners	-
Roofers	<50
Floorers	320
Glaziers	<50
Specialist building operatives nec*	60
Scaffolders	-
Plant operatives	-
Plant mechanics/fitters	130
Steel erectors/structural	-
Labourers nec*	200
Electrical trades and installation	-
Plumbing and HVAC Trades	210
Logistics	50
Civil engineering operatives nec*	-
Non–construction operatives	-
Civil engineers	100
Other construction professionals and technical staff	70
Architects	<50
Surveyors	-
Total (SIC 45)	**2,310**
Total (SIC 45 and 74.2)	**2,510**

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

**nec - not elsewhere classified*

4. Comparisons across the UK

With an average decline of 0.6% per year between 2011 and 2015, Yorkshire and Humber is one of four areas of the UK where declines in output are forecasted between 2011 and 2015. Moreover, it puts the region at the bottom of the growth table of all the regions and devolved 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. Hence Yorkshire and Humber, with a relatively large number of publicly-funded schools in the early waves of the scheme, is forecast to see a significantly stronger annual average decline (18.5%) than the UK average (12.4%).

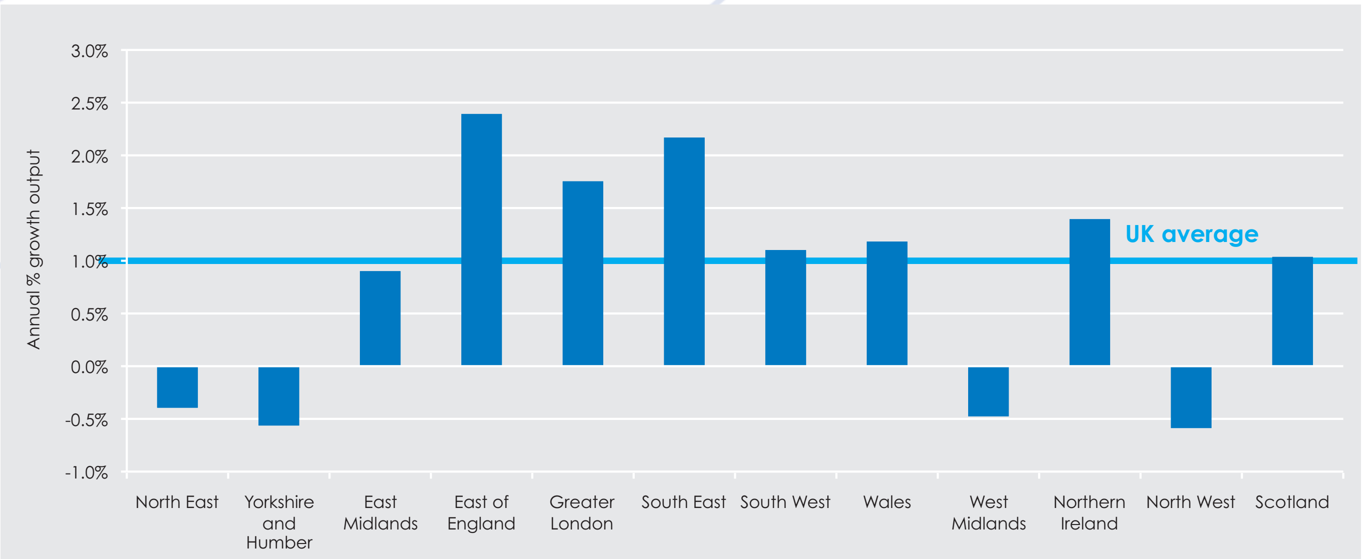
The public housing sector has been hit hard by the cuts in government expenditure going forward, with only £4.4bn available for the English regions between 2011 and 2015, compared with the £8.4bn funding through the 2008-11 National Affordable Housing Programme. Our forecasts suggest that the UK as a 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, and 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 contraction of 5.1% in Yorkshire and Humber is slightly weaker 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 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 – 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.

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 forecast to be slightly weaker than the UK average of 7.8% at 7.1%. At 2,510, the annual recruitment requirement over the forecast period is equivalent to 1.1% of base 2011 employment, the weakest across the UK. It is worth noting that Yorkshire and Humber traditionally has a low ARR in relation to the size of its construction workforce as it benefits from a very low outflow of the workforce to other regions and devolved nations.

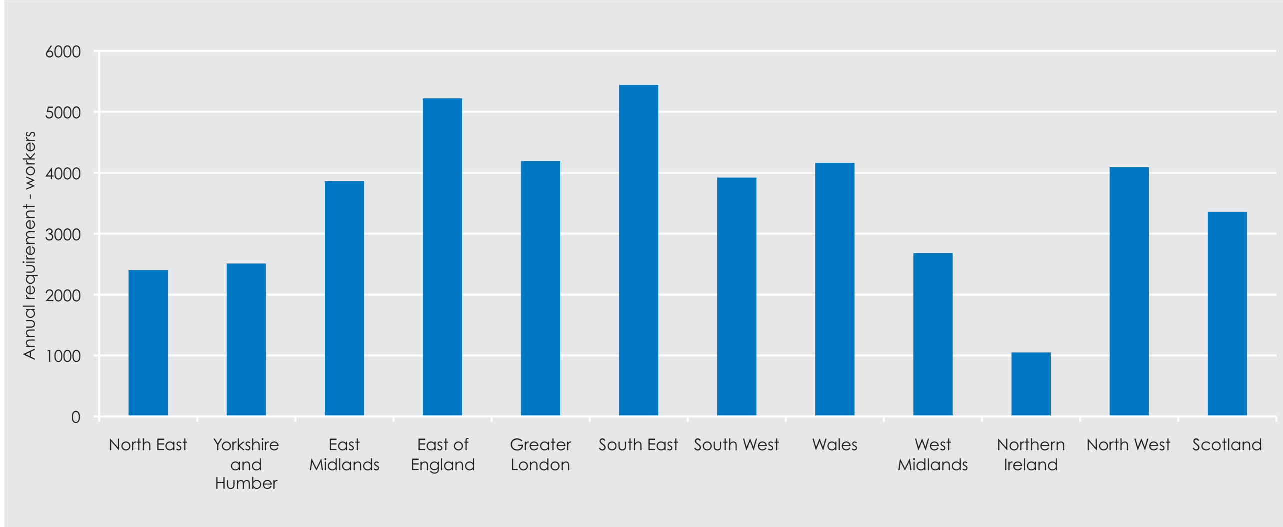
Annual average output growth by region 2011-2015



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

New work output is projected to decline at an average rate of
2% per year, while R&M work is expected to rise by 1.4%

Annual recruitment requirement (ARR) by region 2011-2015



Source: CSN, Experian

Construction output is forecast to decline at an annual average rate of
0.6% between
2011 and 2015,
one of the worst performing regions and nations.

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Cskills website
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Alliance
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