

ConstructionSkills Network 2010-2014 Scotland

LABOUR MARKET INTELLIGENCE





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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.



Summary - Scotland

Between 2010 and 2014, total construction output in Scotland is forecast to increase at an annual average rate of 2.8%, higher than the UK's average of 1.7%. New work output is expected to see stronger growth than repair and maintenance over the forecast period, which is likely to see the new work sector continue to remain relatively more important in the nation than it is in the UK as a whole. Employment is expected to increase to around 257,000 in 2014, 1.2% above 2008's level.



Regional comparison 2010-2014

	Annual average % change in output	Growth in total employment	Total ARR
North East	0.6%	4,660	3,190
Yorkshire and Humber	1.6%	7,040	2,220
East Midlands	2.6%	10,220	5,260
East of England	3.8%	20,760	7,350
Greater London	2.0%	3,620	3,300
South East	0.8%	-280	2,330
South West	0.4%	1,480	3,020
Wales	2.5%	10,390	5,030
West Midlands	1.5%	9,460	4,050
Northern Ireland	1.1%	1,380	720
North West	0.1%	3,190	4,100
Scotland	2.8%	21,100	7,220
UK	1.7%	93,010	47,790

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

Between
2010 and 2014,
 output in Scotland is forecast to increase
 at an annual average rate of
2.8%

Key findings

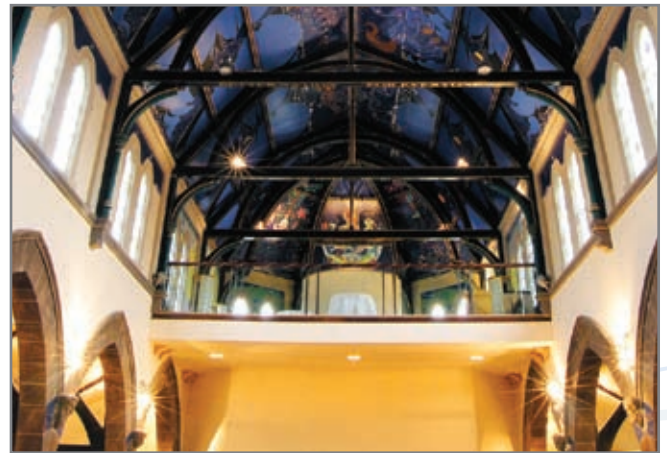
The strongest sector in Scotland will be the private housing sector, with an annual average growth rate of around 10%, significantly more buoyant than the next strongest sector, public housing. However, whilst the recovery in private housing is likely to be fairly strong throughout the 2010–2014 period, the public housing sector is expected to see substantial growth in the short term, however output will rise only moderately towards the end of the period due to lower funding allocations as government spending comes under increasing pressure. The underlying demand for private housing remains, and once confidence returns to the market and concerns about job security begin to abate, this demand will filter through to the housing market.

Infrastructure output is currently driven by Transport Scotland's investment programme, which is continuing apace. There are a number of major programmes of work underway, including the Edinburgh tram project and the Airdrie-Bathgate rail line. A number of significant road schemes are also providing a stream of output, and work on the A90 Aberdeen Western Peripheral Route is due to start in 2011. However, with additional funding for the Forth Replacement Crossing highly unlikely, output growth is expected to tail off significantly at the end of the forecast period as funding for this project will have to largely come from the current budget.

The Scottish Government's budget for 2010 showed signs of what is to come as funding allocations were lower than expected, although this was partly due to investment being brought forward to try and ease the pain of the recession. Government spending is going to come under severe pressure over the next few years, and this will lead to lower availability of funding for education and health projects, among others. Thus, with the exception of 2010, public non-housing output is expected to decline in each year of the forecast period, with an annual average rate of decline of 8.3% forecast to 2014.

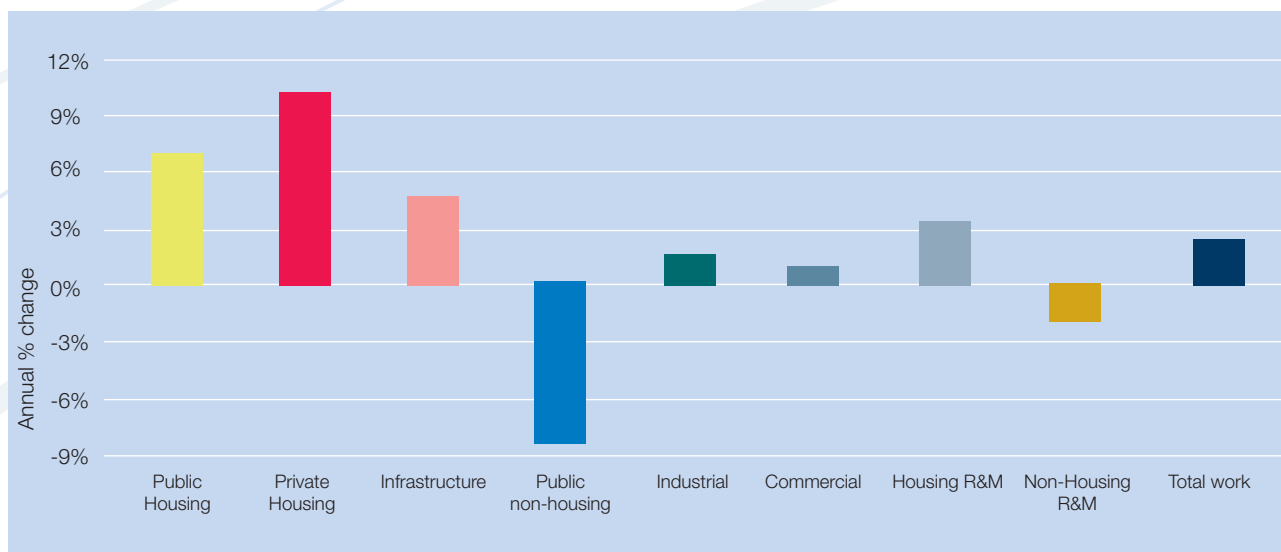
Total construction employment in Scotland is predicted to reach 257,000 in 2014, 9% higher than in 2010 and around 1% above 2008's level. The largest trade occupational group in 2008 was wood trades and interior fit-out, accounting for 13.8% of total construction employment, slightly higher than the UK figure of 11.2%. Between 2010 and 2014, the strongest employment growth is expected to be for civil engineering operatives nec* (51%) and labourers nec* (47%).

The annual recruitment requirement for Scotland is 7,220, with plant operatives (1,030) and wood trades and interior fit-out (750) expected to be most in demand.



Oran Mor, heritage building, Glasgow

Annual average construction output growth 2010-2014 - Scotland



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

* nec - not elsewhere classified

2 The outlook for construction in Scotland

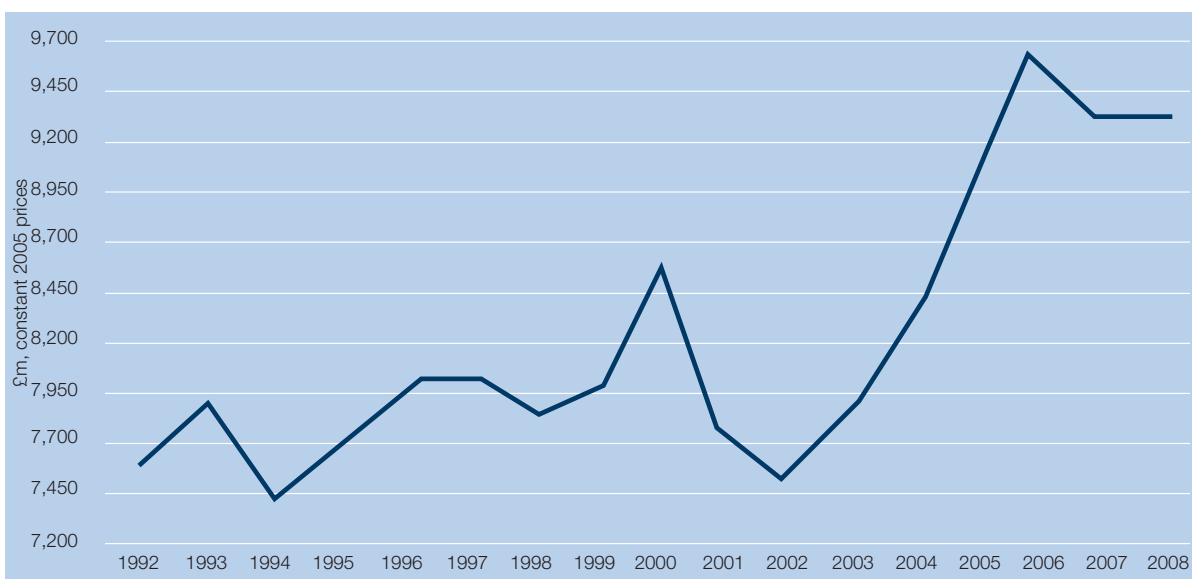
2.1 Construction output in Scotland – overview

Total construction output in the nation remained unchanged in 2008 at £9.3bn, in 2005 prices. Overall, both new work output and repair and maintenance (R&M) output were unchanged, but there were significant variations across the sub-sectors.

By far the strongest performance came from the infrastructure sector in 2008, with output jumping by 60% as Transport Scotland's

investment programme began to gather steam. The public housing sector was the only other one to see rising output in 2008; output totalled £437m, 18% higher than in 2007. The most marked decline was, unsurprisingly, in the private housing sector, where output fell by 14%, a third consecutive year of decline. Industrial construction output in Scotland also fell at a double-digit rate, dropping 11% in 2008. The decline in the commercial sector was only slightly weaker at 9%, this was the first fall in commercial construction output in Scotland for five years.

Construction output 1992-2008 - Scotland



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

* nec - not elsewhere classified

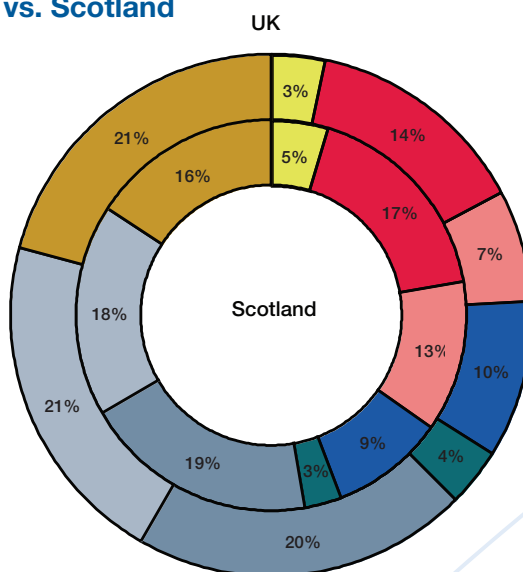
2.2 Industry structure

The diagram, Construction Industry structure 2008 – UK vs. Scotland, shows the sector breakdown of the industry in Scotland compared to that in the UK. The percentages show what proportion of total construction output each sector accounts for.

There are noticeable differences in the structure of the Scottish construction sector and that of the UK. One of the major differences is the importance of infrastructure in Scotland, accounting for 13% of construction output compared with a UK figure of just 7%.

Another major difference is that the R&M sectors account for a smaller proportion of total construction output in Scotland (34%) than they do in the UK (42%).

Construction industry structure 2008 - UK vs. Scotland



Source: ONS, Experian

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

Economic structure - Scotland (£ billion, 2005 prices)

Selected Sectors	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Public services	24	-1.0	0.5	0.4	0.1	0.1	0.3
Financial and business services	23	-5.3	-2.0	2.9	3.4	3.0	2.7
Transport and communications	7	-5.4	-0.4	3.0	2.9	2.9	3.0
Manufacturing	12	-10.8	0.6	2.4	1.5	1.3	1.0
Distribution, hotels and catering	13	-2.3	0.1	1.0	1.8	2.1	2.1
Total Gross Value Added (GVA)	94	-4.5	0.3	2.0	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 2010–2014 provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

In 2008, gross value added (GVA) in Scotland was £94.2bn (in 2005 prices), just 0.4% higher than in the previous year. Scottish GVA accounted for around 8% of the UK total.

The public services sector was the largest in Scotland in 2008, taking a 26% share of output. This was in contrast to the UK as a whole, where public services accounted for just 22% of output. However, the relative importance of public services to Scottish GVA has declined since 2002 when the sector accounted for 29% of GVA.

The financial and business services sector has been growing in importance in recent years. In 2000, it accounted for just over 17% of GVA in Scotland; in 2008, that figure was 25%. However, the recession is likely to have delayed the financial and business services sector overtaking public services as the largest in the Scottish economy for the time being, as it has seen a more marked decline than public services.

2.5 Forward looking economic indicators

Total GVA is forecast to increase in each year of the forecast period, giving an annual average growth rate of 1.4% for Scotland. This is below the UK figure of 1.6%. Growth is expected to be strongest in the transport and communications sector, followed by financial and

business services, although these are the two sectors which are not expected to return to growth until 2011. In contrast, the public services sector is likely to see only weak growth over the period and is expected to lose its position as the largest sector, in output terms, in Scotland by 2014.

The average annual growth rate in real household disposable income is expected to be only marginal between 2010 and 2014, in line with the UK figure of 1%. The outlook for total employment in Scotland is not especially bright in the short term – unemployment levels will again see a marked increase in 2010, but then will begin to decline over the remaining years of the forecast period. Consumer spending is expected to rise by 6.5% between 2010 and 2014, a stronger performance than in the UK as a whole.

The Department for Communities and Local Government (DCLG) reported that average house prices in Scotland rose by 1.6% in 2008 to reach £161,782. This was in contrast to the UK as a whole where house prices fell by 1%, on average, and was the only region and devolved nation, along with London, where house prices actually rose during the year. Average house prices in Scotland began to fall on an annual basis in the third quarter of 2008 and at much stronger rates through the first half of 2009. However, the annual rate of house price falls eased to 0.6% in the third quarter of the year.

The outlook for house prices in Scotland is weaker than for the UK as a whole. Whilst Scotland is forecast to see declining house prices until 2012, in the UK as a whole house prices are expected to rise slightly in 2010 and annual house price inflation is predicted to strengthen throughout the forecast period to 2014.

Economic indicators - Scotland (£ billion, 2005 prices - unless otherwise stated)

	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Real household disposable income	67	1.0	-0.3	1.6	0.2	0.0	0.8
Household spending	75	-1.2	2.7	2.8	3.3	3.5	3.9
Debt:income ratio	1.3	-0.9	1.8	-1.1	0.1	1.0	0.5
House prices (£'000, current prices)	162	-5.1	-1.1	-0.5	1.1	0.6	1.0
LFS unemployment (millions)	0.12	53.1	20.2	-0.2	-12.3	-12.9	-8.4

Source: ONS, DCLG, Experian

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

	Actual 2008	2004	Annual % change		2007	2008
			2005	2006		
Public housing	355	15.2	-0.5	31.6	20.4	14.3
Private housing	996	38.2	3.2	-23.3	3.7	-25.6
Infrastructure	987	4.4	-8.3	-5.1	41.0	55.8
Public non-housing	672	-18.0	47.9	-9.5	-7.3	-2.1
Industrial	187	6.7	48.4	6.4	-10.1	-17.3
Commercial	939	38.5	7.6	73.7	-14.8	-37.9
Total new work	4,135	17.8	10.5	7.6	-1.2	-12.2

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

2.6 New construction orders - overview

New construction orders in Scotland declined by 12% in 2008 – a second consecutive annual decline. Construction orders totalled £4.1bn, in current prices, which was the lowest annual outturn since 2004.

Although total new orders declined in 2008, the infrastructure and public housing sectors actually saw new orders rise during the year. New infrastructure orders rose by 55% to a record high of £987m, whilst those for the public housing sector increased by a more modest 14% to £355m, also a record high. In contrast, the commercial and private housing sectors saw the most marked declines, with new orders falling by 38% and 25%, respectively.

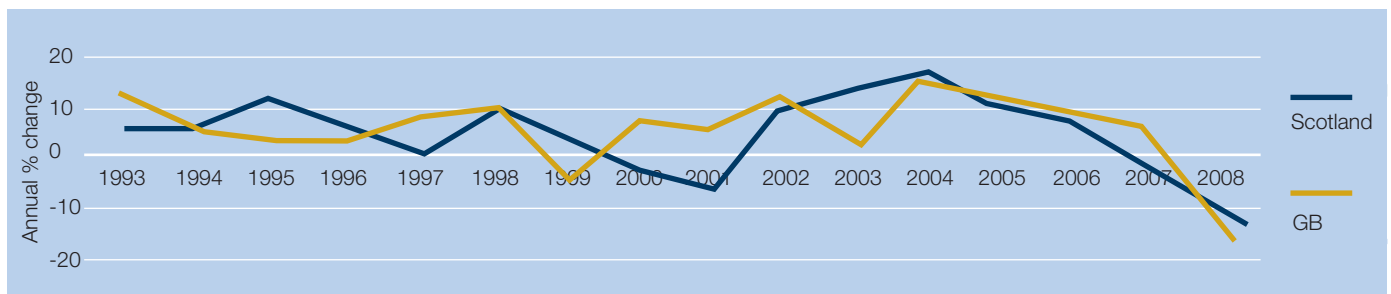
2.7 New construction orders - current situation

New orders continued to fall in the nine months to September 2009. Totalling £2.2bn, in current prices, new orders were 35% lower than the same period of 2008.

The two public sectors, public housing and public non-housing, were the only sectors to buck the trend and record growth of new orders in the first three quarters of 2009. New orders in the public non-housing sector totalled £562m, 16% higher than the same period of 2008. The public housing sector saw a weaker rise of 7%.

At the other end of the scale, new orders fell at the strongest rate in the infrastructure sector, dropping by 57%. However, this followed a particularly strong year in 2008, when a number of major contracts were let (Edinburgh tram, the Airdrie to Bathgate rail link and a number of large road schemes). The industrial and commercial sectors both saw declines of 47% in new orders in the first three quarters of 2009 and the private housing sector was not far behind with a decline of 45%, year-on-year.

New construction orders growth 1993-2008 - Scotland vs. GB



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

2.8 Construction output – short-term forecasts (2010–2011)

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 2009.

Total construction output in the first half of 2009 totalled £4.65bn in current prices, 15% lower than the same period of 2008, and a decline of 12% on the previous half year. The contraction was substantially stronger in new work than in R&M, with falls of 19% and 8%, year-on-year, respectively. The total decline in construction output in 2009 is estimated to be 12%.

As is the case across most of the UK, the short-term outlook for the construction industry in Scotland is fairly muted. Growth is expected to return in 2010, with output increasing by 3%. Further moderate growth of 4% is forecast in 2011, giving an annual average growth rate over the two years of 3.6%.

The new work sector has seen a stronger contraction, but the recovery is also expected to be faster than the repair and maintenance sector, with average annual growth rates of 5.5% for new work and 0.2% for R&M, between 2010 and 2011.

However, there are substantial variations in growth between the new work sectors in 2010 and 2011. All bar the commercial sector are forecast to see some increase over the period, although the most buoyant sector is expected to be the public housing, with an annual average growth rate of 15.4% over the two years. In 2009, the Scottish government approved plans for a record 8,100 affordable homes to be built across Scotland, with around £644m of funding available.

Growth in the infrastructure sector is also predicted to be strong with work starting on the £500m Edinburgh tram scheme and the £300m Airdrie to Bathgate line, along with completion of the M74 project. The average annual growth rate for 2010–2011 is forecast to be 12.7%.

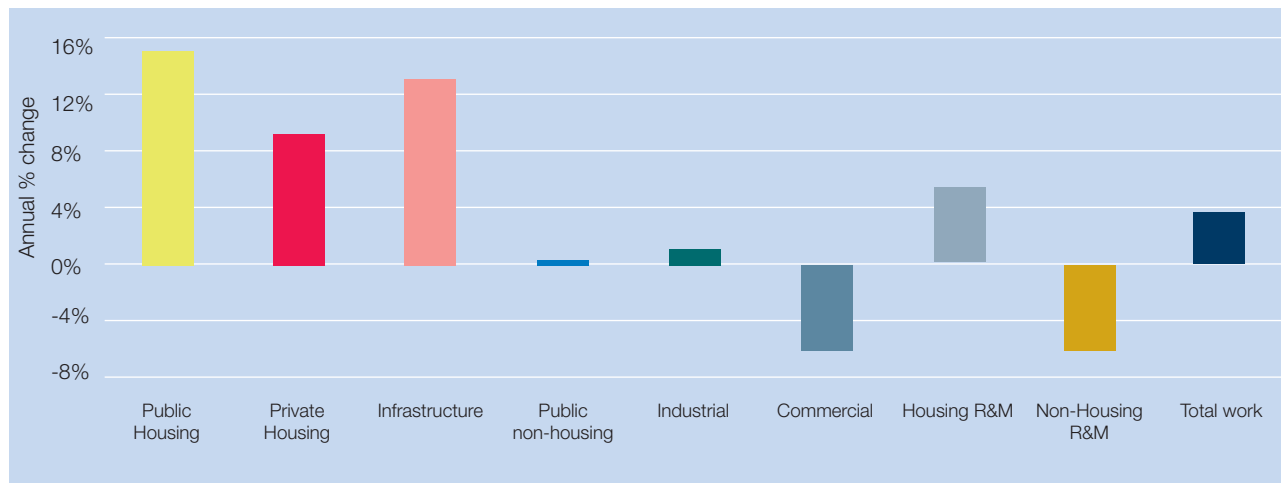
Output in the commercial construction sector is expected to continue to fall in 2010 before stagnating in 2011, as demand for office, leisure and retail facilities remains muted. That said, work on the £100m Tayside Acute Adult Mental Health Developments PPP is due to start in early 2010, however this is the only major project of note in the short term.

Construction output - Scotland (£ million, 2005 prices)

	Actual	Forecast annual % change			Annual average
	2008	2009	2010	2011	2010-2011
Public housing	437	3%	22%	10%	15.4%
Private housing	1,619	-18%	7%	11%	9.2%
Infrastructure	1,169	-1%	14%	12%	12.7%
Public non-housing	875	4%	6%	-5%	0.5%
Industrial	284	-34%	0%	3%	1.3%
Commercial	1,814	-33%	-11%	0%	-5.7%
New work	6,197	-15%	5%	6%	5.5%
Housing R&M	1,639	-1%	5%	4%	4.8%
Non-housing R&M	1,472	-11%	-7%	-4%	-5.7%
Total R&M	3,110	-6%	0%	1%	0.2%
Total work	9,307	-12%	3%	4%	3.6%

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

Annual average construction output growth 2010-2011 - Scotland



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

2.9 Construction output – long-term forecasts (2010–2014)

The average annual growth rate for total construction between 2010 and 2014 is forecast to be 2.8% in Scotland, which is above the UK figure of 1.7%. New work output is expected to continue to drive output growth in the medium term, with an annual average growth rate of 3.7%, compared with just 1.0% for the R&M sector.

Over the period to 2014, the public non-housing sector is the only new work sector forecast to see falling output. The average annual rate of contraction is predicted to be 8.3%, with declining output in each year except 2010. There is some work for the 2014 Commonwealth Games in Glasgow in the pipeline, along with the £500m project to redevelop Glasgow's Southern General Hospital, however government expenditure is already beginning to come under pressure and substantial funding cuts are inevitable. The Scottish Government's budget for 2010 already shows lower levels of funding than expected, although some of this is due to expenditure that was brought forward to 2009.

The private housing sector will be the most buoyant over the 2010–2014 period, with annual average growth of around 10%. The tentative signs of recovery in the housing market that have been seen recently are likely to strengthen in 2010, and the recovery in demand will be more sustained. This is likely to underpin a solid recovery in output as house builders begin to build again. In contrast, growth in the public housing sector is likely to tail off in the medium term as the levels of funding are significantly reduced and output will rise by a meagre 1.0% in both 2013 and 2014. However, the annual average growth rate over the period to 2014 will still be the second highest of the new work sectors at 6.9%.

Growth of construction output in the infrastructure sector is expected to average 4.8% over the forecast period, although the majority of the increase will be seen in the shorter term. There are a number of large road projects in the pipeline, including the £350m A90 Aberdeen Western Peripheral Route, due to start in 2011. However, given that the Glasgow Airport Rail Link project has now been cancelled and it is highly unlikely that there will be substantial additional funding available for the Forth Replacement Crossing, output growth is expected to tail off significantly at the end of the forecast period, declining by 5% in 2014.

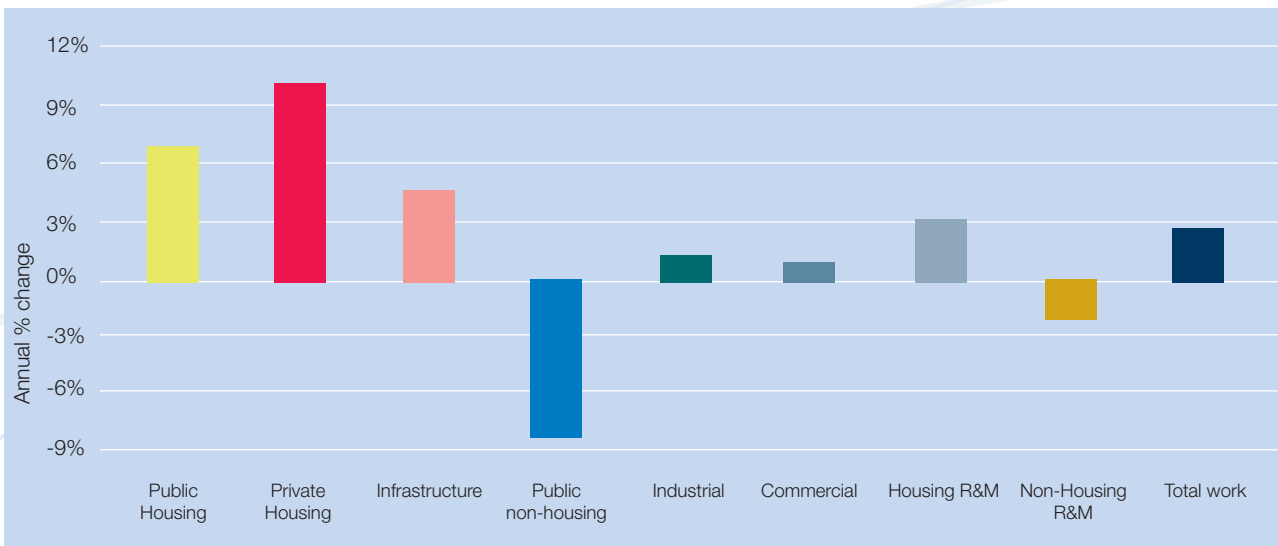
On the R&M side, the housing R&M sector will see moderate growth over the 2010–2014 period, with average annual growth of 3.2%. This is likely to be driven by both the private and public side as consumer confidence improves and there are fewer concerns about job security. Both of these factors are likely to lead to a strong recovery in private housing R&M. On the public side, the deadline for the Scottish Housing Quality Standard is 2015, and the work stream for this, will begin to come on line in the second half of the forecast period.

Construction output - Scotland (£ million, 2005 prices)

	Estimate	Forecast annual % change					Annual average
	2009	2010	2011	2012	2013	2014	2010-2014
Public housing	449	22%	10%	4%	1%	1%	6.9%
Private housing	1,326	7%	11%	13%	14%	6%	10.1%
Infrastructure	1,158	14%	12%	5%	0%	-5%	4.8%
Public non-housing	908	6%	-5%	-20%	-13%	-7%	-8.3%
Industrial	187	0%	3%	1%	1%	2%	1.3%
Commercial	1,216	-11%	0%	3%	6%	8%	1.0%
New work	5,245	5%	6%	2%	4%	1%	3.7%
Housing R&M	1,627	5%	4%	3%	2%	2%	3.2%
Non-housing R&M	1,312	-7%	-4%	1%	1%	0%	-2.0%
Total R&M	2,938	0%	1%	2%	1%	1%	1.0%
Total work	8,183	3%	4%	2%	3%	1%	2.8%

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

Annual average construction output growth 2010-2014 - Scotland



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

3 Construction employment forecasts for Scotland

3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in Scotland for 2008, the forecast total employment in 26 occupational groups and in the industry as a whole between 2010 and 2014. A full breakdown of the occupational groups is provided in Section 5 of CSN Explained.

Total construction employment in Scotland is forecast to reach around 257,000 in 2014, including both SIC 45 and 74.2. This figure is almost 9% higher than the projected total for 2010, and 1% above 2008's total. Given the weak performance of the construction sector over the past couple of years, it is unsurprising that employment levels fell markedly during that time. Employment is likely to return to growth in 2010 in Scotland.

The biggest trade occupational group was wood trades and interior fit-out in 2008, which accounted for 13.8% of total construction employment in Scotland, higher than the UK figure. The larger share of this grouping for construction employment in Scotland is due to timber-frame housing being more common north of the border. Employment in wood trades and interior fit-out is expected to decline by 7.6% to 2014, although it will remain the largest occupational group in Scotland.

The strongest growth in employment between 2010 and 2014 among construction-specific occupations is expected to be for civil engineering operatives nec* (51%) and labourers nec* (47%). These are also the two occupational groups projected to see the largest increase in absolute terms. Despite the relatively strong performance of the Scottish construction sector over the 2010–2014 forecast period, employment levels are expected to decline in seven occupational categories over the period. Bricklayers and floorers are both likely to see employment levels between 5% and 6% lower in 2014 than in 2010, with glaziers and specialist building operatives nec* predicted to see declines of around 4% over the period.

Total construction employment forecasts by occupation	Actual 2008	Forecast	
		2010	2014
Senior, executive, and business process managers	9,600	9,050	10,770
Construction managers	22,730	20,600	22,930
Non-construction professional, technical, IT, and other office-based staff	26,790	24,790	26,260
Wood trades and interior fit-out	34,980	31,840	32,340
Bricklayers	7,400	7,020	6,610
Building envelope specialists	4,600	4,020	3,900
Painters and decorators	15,490	14,490	15,070
Plasterers and dry liners	3,300	2,810	3,320
Roofers	5,750	5,230	5,240
Floorers	3,190	3,210	3,040
Glaziers	2,220	2,200	2,110
Specialist building operatives nec*	6,640	5,800	5,550
Scaffolders	2,450	2,230	3,100
Plant operatives	6,720	6,270	7,650
Plant mechanics/fitters	2,940	2,750	2,870
Steel erectors/structural	3,110	2,970	3,330
Labourers nec*	10,740	10,570	15,570
Electrical trades and installation	17,300	17,780	17,110
Plumbing and HVAC Trades	20,840	18,300	17,780
Logistics	4,270	4,170	5,720
Civil engineering operatives nec*	5,340	5,090	7,690
Non-construction operatives	3,870	3,970	5,740
Civil engineers	4,770	4,810	5,710
Other construction professionals and technical staff	16,040	14,580	15,870
Architects	6,390	5,420	5,760
Surveyors	6,410	5,910	5,960
Total (SIC 45)	220,270	205,160	223,700
Total (SIC 45 and 74.2)	253,880	235,880	256,980

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 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 in partnership with public funding agencies, Further Education, Higher Education and employer representatives. 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 2010 and 2014 for the 26 occupational groups within Scotland's construction industry is illustrated in the table. The ARR of 7,220 is indicative of the average requirements per year for the industry, as based on the output forecasts for the nation. This takes into account 'churn', flows into and out of the industry, excluding training flows.

Plant operatives (1,030) are forecast to have by far the largest ARR in Scotland, followed by wood trades and interior fit-out (750) and painters and decorators (670). However, as a percentage of 2010 employment, it is plant mechanics/fitters and scaffolders that are most in demand with ARRs of more than 17%. The ARR for plant operatives is around 16% of 2010 employment for that trade.

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 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.

ARR by occupation	2010-2014
Senior, executive, and business process managers	70
Construction managers	640
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	750
Bricklayers	-
Building envelope specialists	<50
Painters and decorators	670
Plasterers and dry liners	300
Roofers	-
Floorers	-
Glaziers	<50
Specialist building operatives nec*	140
Scaffolders	390
Plant operatives	1,030
Plant mechanics/fitters	490
Steel erectors/structural	290
Labourers nec*	420
Electrical trades and installation	-
Plumbing and HVAC Trades	-
Logistics	620
Civil engineering operatives nec*	550
Non-construction operatives	-
Civil engineers	380
Other construction professionals and technical staff	410
Architects	60
Surveyors	-
Total (SIC 45)	6,370
Total (SIC 45 and 74.2)	7,220

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

* nec - not elsewhere classified

4 Comparisons across the UK

Construction output is forecast to rise across all of the regions and devolved nations between 2010 and 2014. Scotland is expected to be one of the better performing regions and nations, with an annual average growth rate of 2.8%, behind only the East of England, and substantially stronger than the projected UK figure of 1.7%.

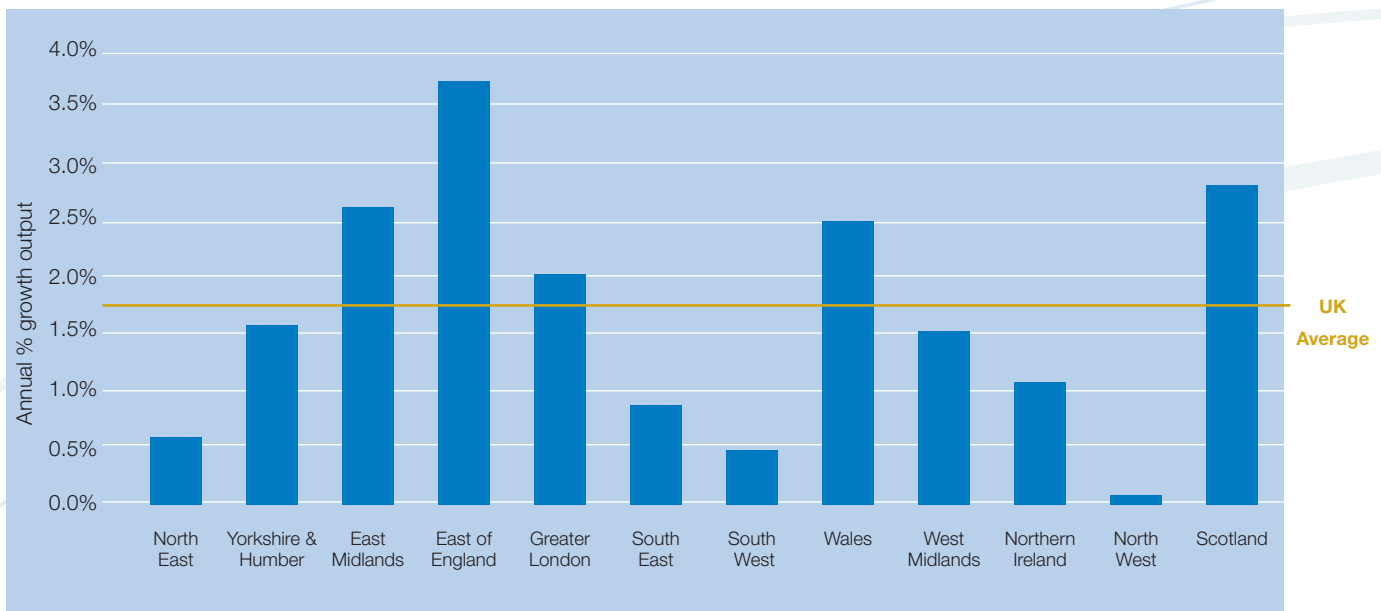
The infrastructure sector should be the best performing market in new work in the UK. Greater London's infrastructure output growth is predicted to be especially strong, driven by work on Crossrail, Thameslink, and the Thames Water programme, and the East of England could have a double digit growth rate as well. In Scotland, infrastructure is expected to fare well in the short term, but output towards the end of the forecast period is likely to be affected by the Forth Replacement Crossing receiving little additional funding to that already allocated in Transport Scotland's investment programme.

The sharp growth in public debt and consequent public expenditure cuts to control it are also likely to substantially affect the public non-housing sector, particularly programmes of work such as Building Schools for the Future (BSF). All regions and devolved nations are likely to be affected by prospective cuts and how badly will be dependant on their exposure to such programmes as the BSF relative to the overall size of their public non-housing market. Public funding cuts have already begun to be felt in Scotland, highlighted by the 2010 budget and, barring 2010, public non-residential construction output will decline in each year of the forecast. The North East is expected to be the worst affected, and Scotland will not fare much better.

The housing market is expected to start to recover from 2010 across the UK as a whole as economic conditions improve and demand increases. However, some regions and devolved nations where demographic factors are stronger, such as the East Midlands and the East of England, which are expected to experience high levels of household formation over the long term, will experience stronger growth than others. In Scotland, the private housing sector is expected to see the strongest annual average growth of all new work sectors.

Scotland is forecast to see the strongest growth in employment between 2010 and 2014, with construction employment levels increasing by 21,100 over the period. The nation's ARR is also one of the largest; at 7,220, only the East of England's is higher. This is to be expected, given that Scotland, along with the East of England, has the most marked growth in construction output forecast over the 2010-2014 period.

Annual average output growth by region 2010 - 2014



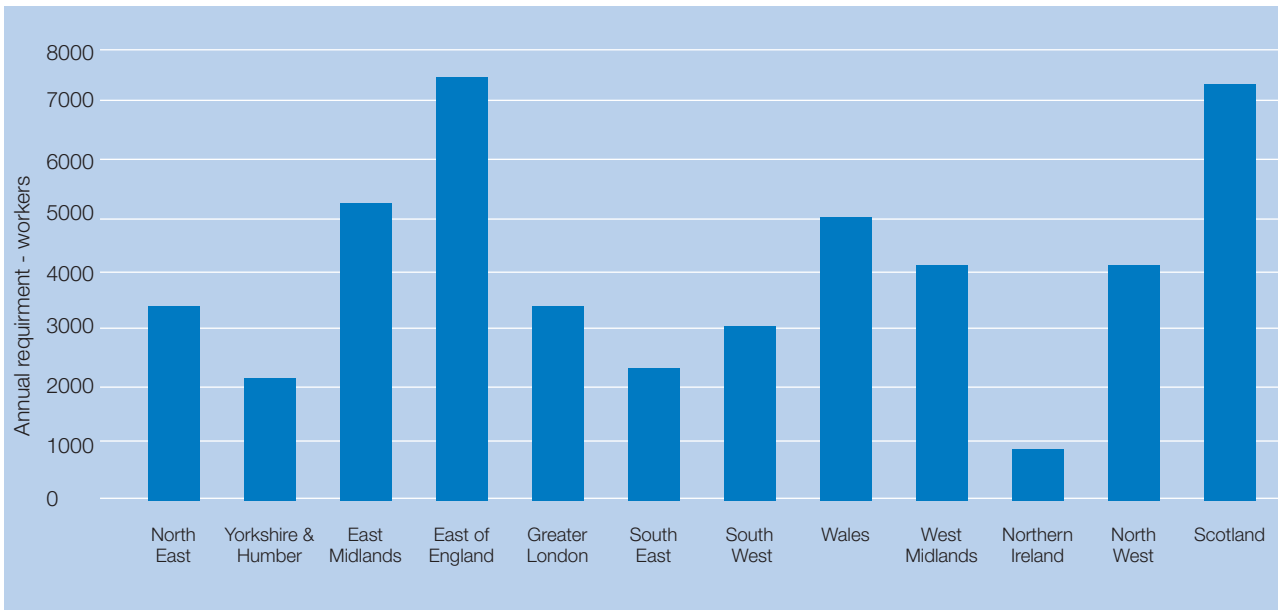
Source: CSN, Experian

Scotland is forecast to see the strongest growth in employment between

2010 and 2014

* nec - not elsewhere classified

Annual recruitment requirement (ARR) by region 2010 - 2014

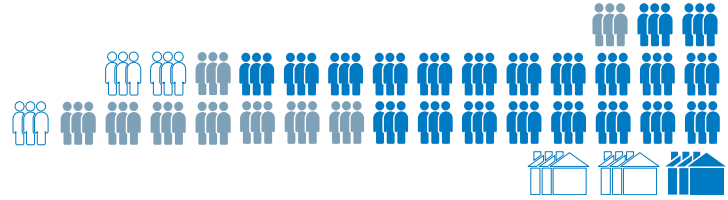


Source: CSN, Experian



Scotland is expected to be one of the better performing regions and nations, with an annual average growth rate of

2.8%



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