



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

WEST MIDLANDS
2024–2028



KEY FACTS AND FIGURES



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

2.0%¹



The biggest gains in output will come from these sectors:

PRIVATE HOUSING

NON-HOUSING REPAIR & MAINTENANCE



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



The occupations with the strongest additional recruitment requirement levels are:

Other professionals and technical staff working in construction

Non-construction professional and technical office based staff

Other non-construction office-based staff

Main projects in the West Midlands include:

The Smithfield 10 year regeneration project in Birmingham city centre

£1bn

West Midlands Interchange project

£450m

Coventry City Centre regeneration scheme

WEST MIDLANDS



The additional recruitment requirement in the West Midlands of 3.1% per year is higher than the UK value of 1.9% and means an extra 35,600 workers will be needed in the region from 2024 to 2028. ■



UK MACROECONOMIC BACKDROP

In 2023, UK GDP 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 at 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 West Midlands has 14,750 employers, which is 12% of all employers in the region.

Non-housing R&M sector: 23%

In 2023 the industry in the West Midlands is estimated to have total output of around £14bn which is structured as per Figure 1 (below).

The profile of the construction industry in the West Midlands continues to show a high share of non-housing repair and maintenance (R&M) work, which is the strongest sector in the region, accounting for 23% of total

work. R&M sectors account for 42% of total 2023 output in the West Midlands, which is similar picture to UK (41%). In the new work, private housing and infrastructure continue to be the two main sectors. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 WEST MIDLANDS

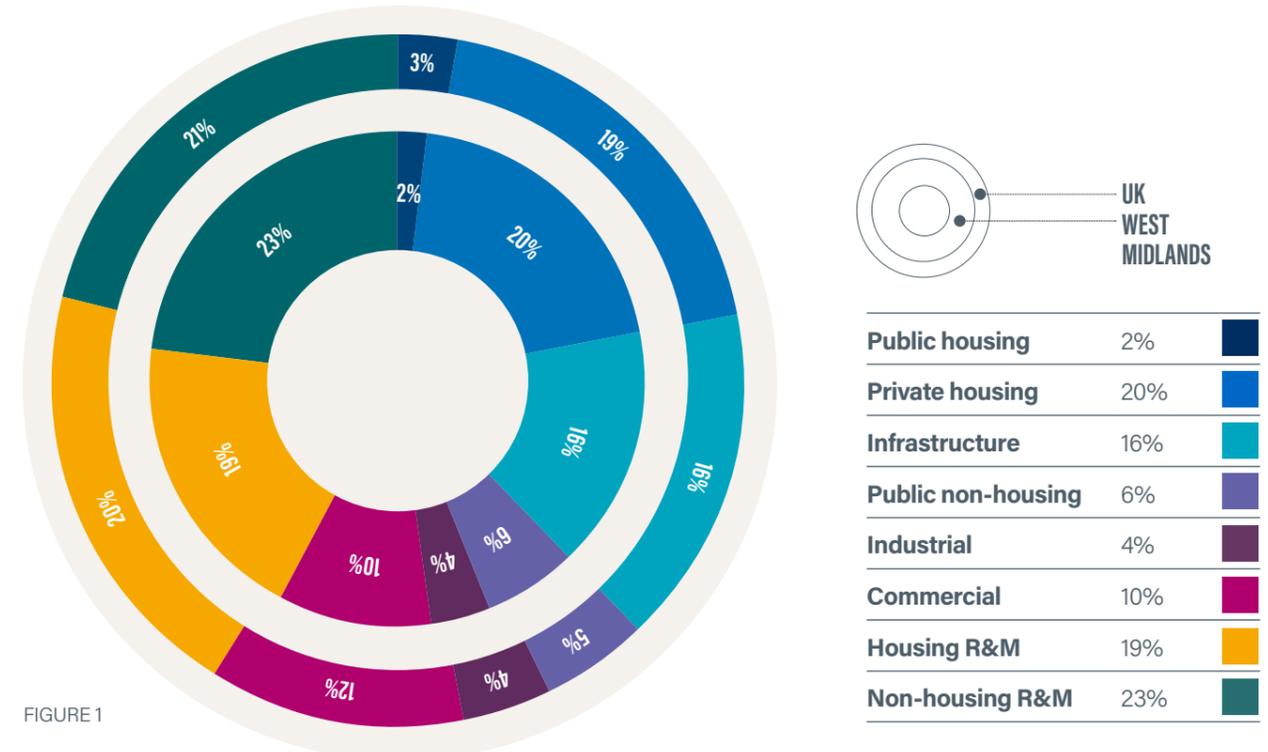


FIGURE 1

2023 VIEW

Total annual output 2023: 
£14bn



Growth in public non-housing work: 
£204m

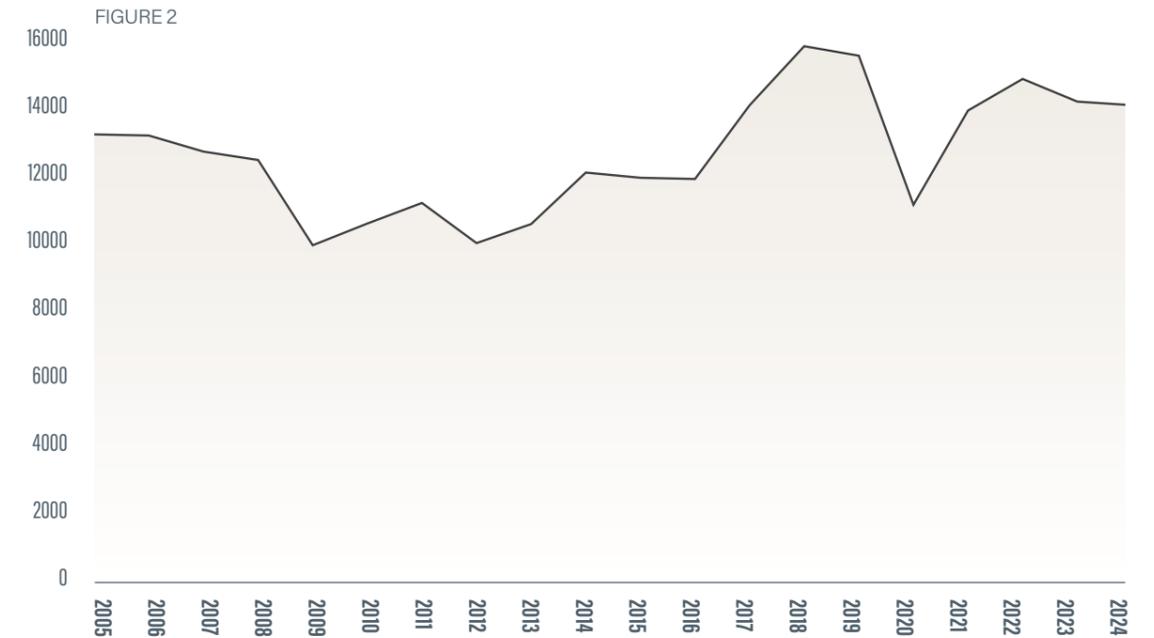
2022 saw output growth in West Midlands in line with the UK rate of growth. 

While UK construction output continued to grow by 2% in 2023, output in the West Midlands dropped by -4.5%, ending the year at £14bn in 2023. 

This was mainly due to a drop in new work output, with private housing (-£765m) and infrastructure (-£273m) seeing the largest falls. Growth in both public non-housing (£204m), public housing (£165m) and non-housing R&M (£186m) protected from a steeper decline. 

Going into 2024, we expect output in the West Midlands to decline to around £13.9bn. Forecasted growth in R&M work provides some resilience for construction output in the region, whilst new work is expected to continue its decline during 2024. 

CONSTRUCTION OUTPUT (£M) 2005–2024 WEST MIDLANDS Source: ONS, ref. CSN Explained, Section 4, Note: 1



OUTPUT FORECAST 2024–2028

The West Midlands has an average annual output growth rate of 2.0%, which is just below the UK rate of 2.4%.

This is due to a combination of a drop in new work for 2024, which picks up from 2025 onwards, alongside low

growth for the R&M sectors from 2025. This is like the pattern we expect to see across the UK, just at a slightly reduced level.

The sectors with the highest average growth rates are private housing (3.2%) and public non-housing (3.0%), though the biggest gains by value of output will come from non-housing R&M.

This reflects a combination of growth in these sectors and their relative importance for work in the region. ■

FORECAST

The £1.9bn Smithfield Development is a 10 year regeneration project that commenced in 2016.

The project will provide a new market to Birmingham's city centre and create cultural spaces for music and art in the community.



Coventry City regeneration:



Smithfield Development:

£450m

£1.9bn

In terms of business and leisure, there will be hotels, bars and restaurants. Alongside this, the plans include over 3,000 new homes with a range of community facilities.

The £1bn West Midlands Interchange project will be the country's largest intermodal logistics site, sitting alongside 8 million square feet of warehousing facilities and will be directly connected to the West

Coast Mainline. Work has already started, phase 1 includes infrastructure works such as earthworks, highways construction and water installation.

Coventry City Centre regeneration scheme has an estimated value of £450m and is expected to provide 1,550 new homes. This regeneration scheme is being delivered by The Hill Group and Shearer Property Group in a joint venture.

Alongside new homes, the project plans offer 8,000 square metres of commercial space and 17,000 square metres of open space. Demolition is scheduled for summer of this year, and the first homes are expected in early 2027. ■

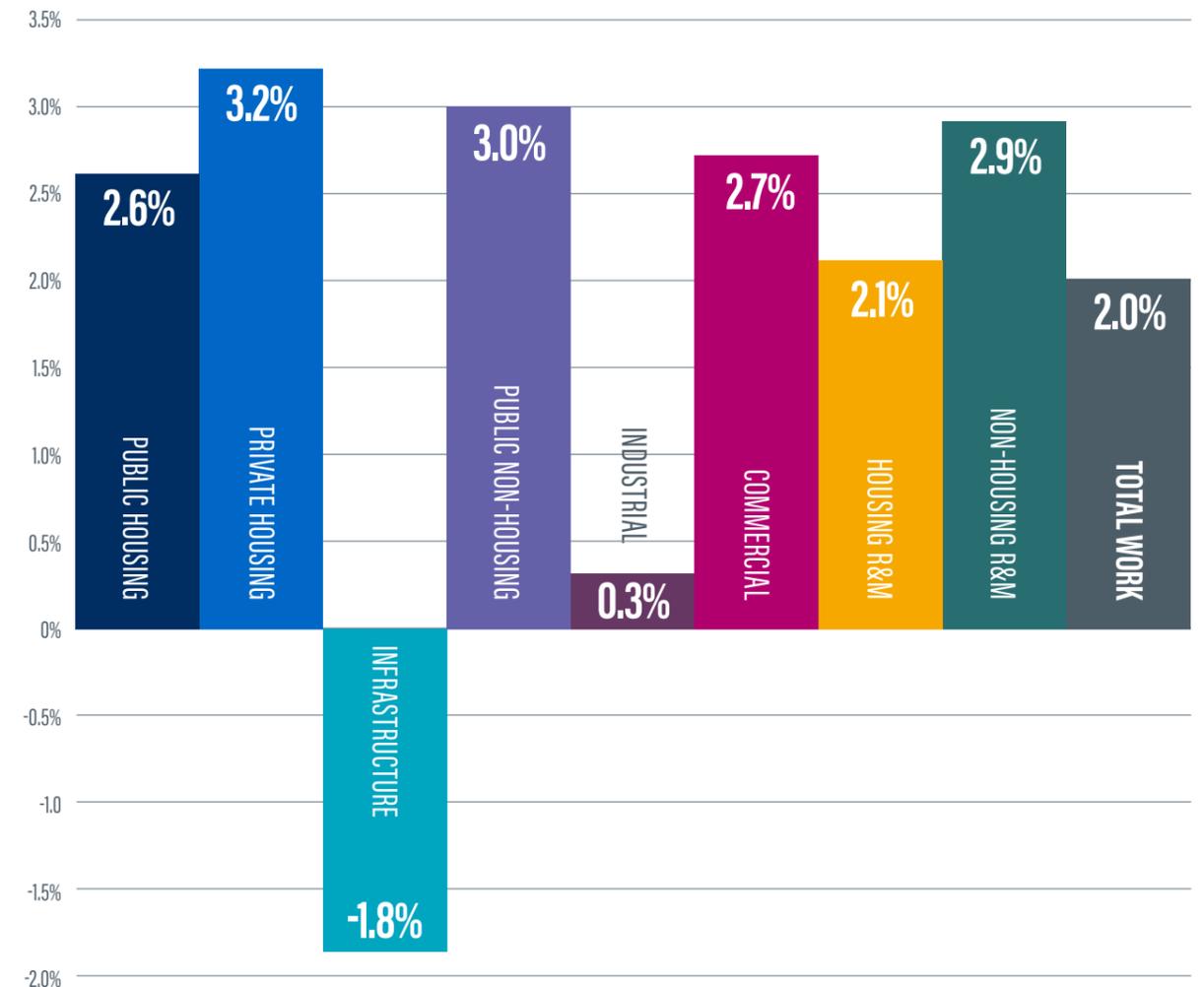
CONSTRUCTION OUTPUT – WEST MIDLANDS (£ MILLION, 2019 PRICES)

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE 2024-2028	
		2023	2024	2025	2026	2027		2028
Public housing	274	0.3%	3.1%	3.3%	3.3%	3.3%	3.2%	2.6%
Private housing	2,884	-5.3%	11.6%	3.2%	3.5%	3.4%	3.4%	3.2%
Infrastructure	2,210	-9.6%	-1.2%	1.0%	0.7%	0.5%	0.5%	-1.8%
Public non-housing	864	2.7%	4.3%	3.0%	2.6%	2.3%	2.3%	3.0%
Industrial	565	-5.7%	2.0%	2.2%	1.8%	1.4%	1.4%	0.3%
Commercial	1,369	0.8%	3.4%	3.3%	3.1%	3.1%	3.1%	2.7%
New work	8,166	-4.4%	5.1%	2.6%	2.5%	2.4%	2.4%	1.6%
Housing R&M	2,616	2.0%	3.4%	1.9%	1.7%	1.6%	1.6%	2.1%
Non-housing R&M	3,247	6.3%	2.5%	2.4%	1.7%	1.6%	1.6%	2.9%
Total R&M	5,863	4.4%	2.9%	2.2%	1.7%	1.6%	1.6%	2.6%
Total work	14,030	-0.7%	4.1%	2.4%	2.2%	2.1%	2.1%	2.0%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028 WEST MIDLANDS

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

FIGURE 4



WORKFORCE FORECAST²

Average annual increase of construction workforce: **0.4%**

The level of output growth in the West Midlands gives an annual average increase of 0.4% in the construction workforce, which is lower than the UK figure of 0.6%.

We forecast that the 2023 workforce of 231,450 in the region will decrease slightly to 228,430 in 2024 before increasing to reach 236,520 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.³

FIGURE 5

TOTAL EMPLOYMENT BY OCCUPATION – WEST MIDLANDS	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	19,250	19,710	21,330
Construction project managers	3,570	3,330	3,280
Non-construction professional and technical office based staff	29,390	28,310	27,880
Other non-construction office-based staff	18,650	19,050	19,860
Construction trades supervisors	4,230	4,050	3,990
Carpenters and joiners	15,290	15,250	16,090
Bricklayers and masons	7,130	7,130	7,690
Other construction and building trades	17,090	16,720	16,950
Painters and decorators	5,130	5,210	5,600
Plasterers	5,080	4,940	4,910
Roofers	4,660	4,690	4,990
Floorers and wall tilers	3,770	3,680	3,810
Glaziers and window trades	1,820	1,800	1,840
Scaffolders	630	640	740
Plant operatives	3,540	3,150	3,190
Plant mechanics/fitters	2,510	2,350	2,400
Steel erectors and metal workers	2,080	2,000	2,340
Labourers	9,650	9,390	11,240
Groundworkers	2,160	2,080	2,430
Electrical installation trades	13,660	13,280	13,530
Plumbing and HVAC trades	11,010	10,770	11,070
Logistics	5,560	5,280	5,430
Road and rail construction operatives	2,710	2,490	2,460
Non-construction trades and operatives	3,660	3,900	4,530
Total (SIC 41–43)	192,230	189,200	197,580
Civil engineers	3,340	3,390	3,550
Other professionals and technical staff working in construction	25,770	25,630	25,990
Architects	1,860	1,860	1,950
Surveyors	8,260	8,340	7,440
Total (SIC 41–43, 71.1, 74.9)	231,450	228,430	236,520

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 West Midlands is set to average

3.1% PER YEAR

based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by 7,120 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:

- Other professionals and technical staff working in construction (1,910 per year)
- Non-construction professional and technical office based staff (1,630 per year)
- Other non-construction office-based staff (1,130 per year)

There will be pressure on occupations such as labourers (9.3%), architects (7.5%), plant mechanics/fitters (6.4%) and other professionals and technical staff (7.4%) 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 – WEST MIDLANDS	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	1.8%	350
Construction project managers	2.2%	80
Non-construction professional and technical office based staff	5.5%	1,630
Other non-construction office-based staff	6.1%	1,130
Construction trades supervisors	1.7%	70
Carpenters and joiners	-	-
Bricklayers and masons	-	-
Other construction and building trades	-	<50
Painters and decorators	-	<50
Plasterers	-	<50
Roofers	1.1%	50
Floorers and wall tilers	-	<50
Glaziers and window trades	-	-
Scaffolders	-	<50
Plant operatives	-	-
Plant mechanics/fitters	6.4%	160
Steel erectors and metal workers	-	-
Labourers	9.3%	900
Groundworkers	2.3%	50
Electrical installation trades	2.6%	360
Plumbing and HVAC trades	1.6%	180
Logistics	-	<50
Road and rail construction operatives	-	<50
Non-construction trades and operatives	-	-
Civil engineers	-	-
Other professionals and technical staff working in construction	7.4%	1,910
Architects	7.5%	140
Surveyors	1.3%	110
Total (SIC 41–43, 71.1, 74.9)	3.1%	7,120

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

Recruitment would have to increase by the equivalent of:

7,120

WORKERS PER YEAR

The current level of recruitment in the region's construction industry has been around 17,000 workers per year, while slightly more left, around 18,000 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 7,120 workers per year. This is important to understand because there are still construction vacancies in the West Midlands that need filling going into 2024.

Figure 7 shows how construction job vacancies in the West Midlands have remained slightly below the UK trend and more recently have fallen below 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 can understand and meet what workers value the most are the ones that are more likely to be successful at attracting and retaining new staff. That could range from being able to offer long-term career opportunities with support to help development, through to good levels of pay, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

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

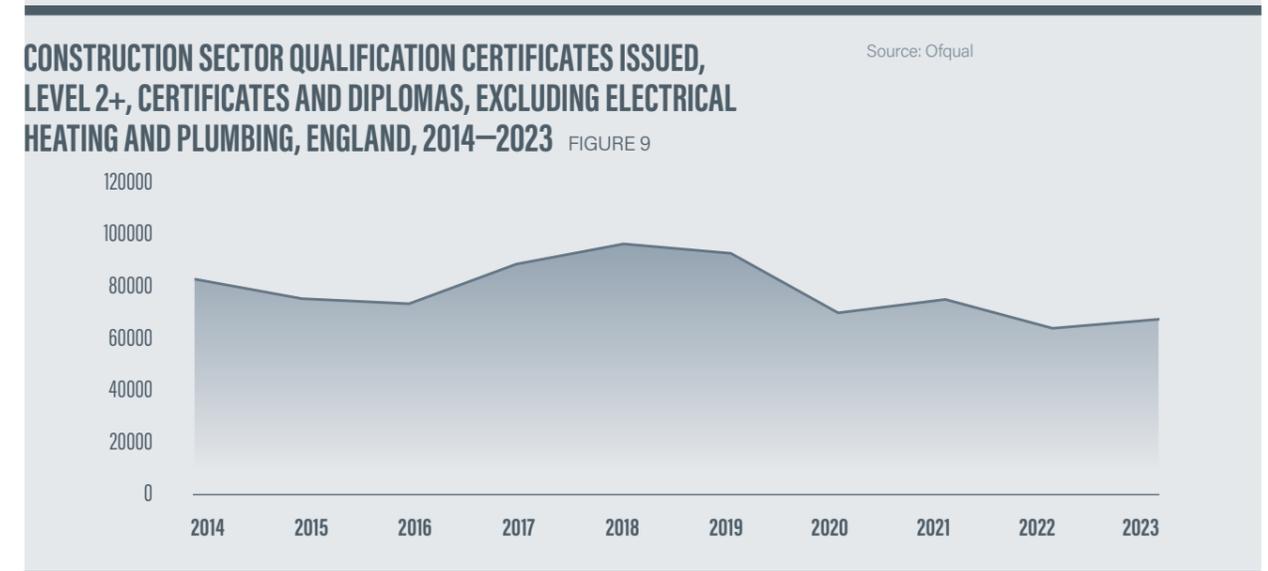
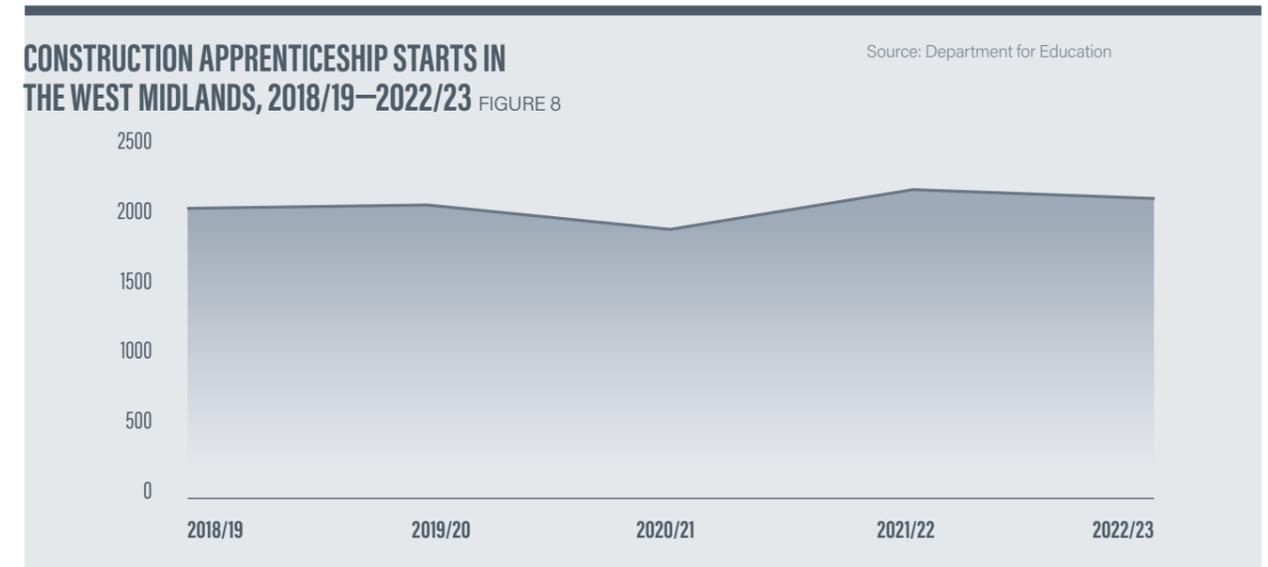
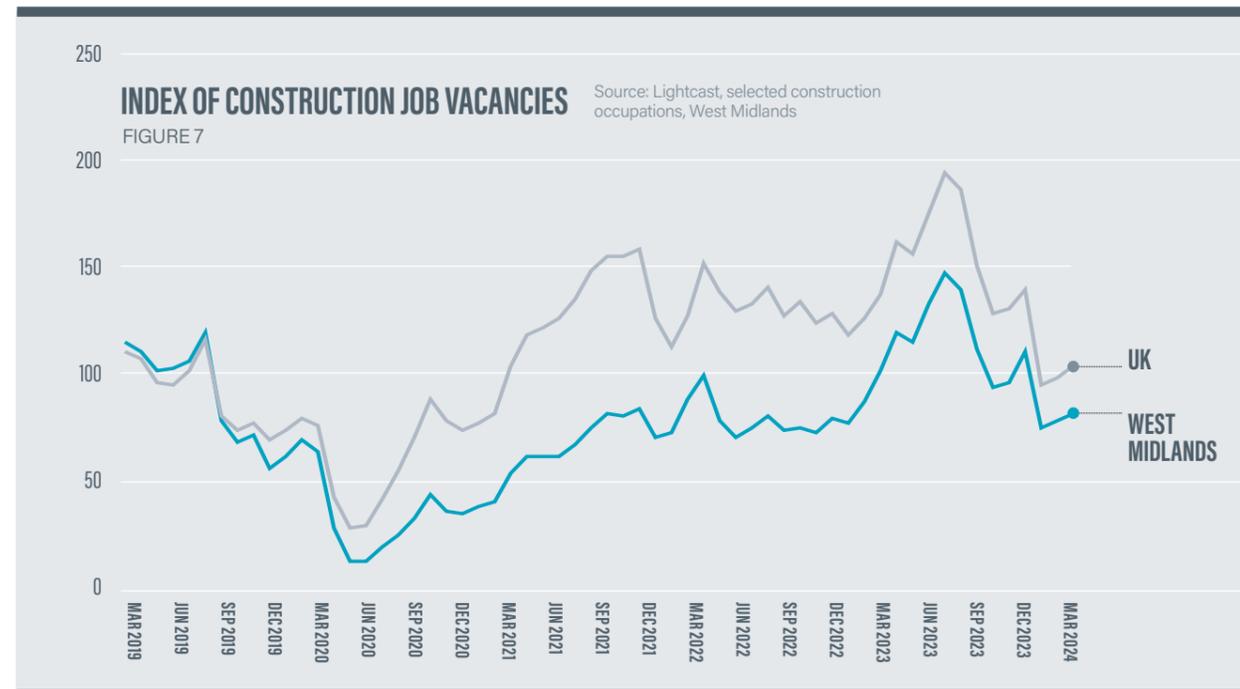
Figure 8 shows construction apprenticeship starts in the West Midlands picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 15% up on 2020/21, however, they dropped in 2022/23 by 3%. Indications are that 2023/24 will see a further drop in starts as half year numbers are down 10% 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 (see Figure 9), 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 the industry needs. Working with industry to develop a competence-based skills system that will provide more flexible routes into construction, 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 WEST MIDLANDS



In the West Midlands during 2023/4, CITB has supported almost 1,000 employers with £8.1m of grants and £0.75m of Skills and Training Fund to train new entrants to the industry and to upskill the existing workforce. The New Entrant Support Team which specifically helps employers with the recruitment and retention of apprentices assisted with 233 apprentice starts in the West Midlands and 126 apprentices who were already on programmes.

In addition, CITB has supported the following regional initiatives:

■ **Supported local businesses to attract new talent:** CITB have worked with stakeholders to produce an e-book '**Building the Future Workforce**', aimed at construction employers in the region detailing different ways they can attract new people to their businesses and the wider industry.

■ **Industry Impact Fund (£425k awarded to West Midlands employers for Equality, Diversity & Inclusion and Productivity projects):** One project led by Interclass and the National Federation of Builders (NFB), developed a new approach to neurodiversity in the workplace, creating a training and mentoring programme specific to construction. The other project, led by Morrisroe and working with BBI Solutions, is developing a new training offer on productivity in construction.

■ **CITB England Construction Opportunities (ECO) commission:** Two projects have been funded in West Midlands, delivered by West Midlands Combined Authority and Landau Ltd, Shropshire. The projects support individuals to overcome any initial challenges they may face as they begin their career in construction, while also providing ongoing in-work support to improve retention and progression. The two projects are targeted with supporting 1,300 individuals over three years.

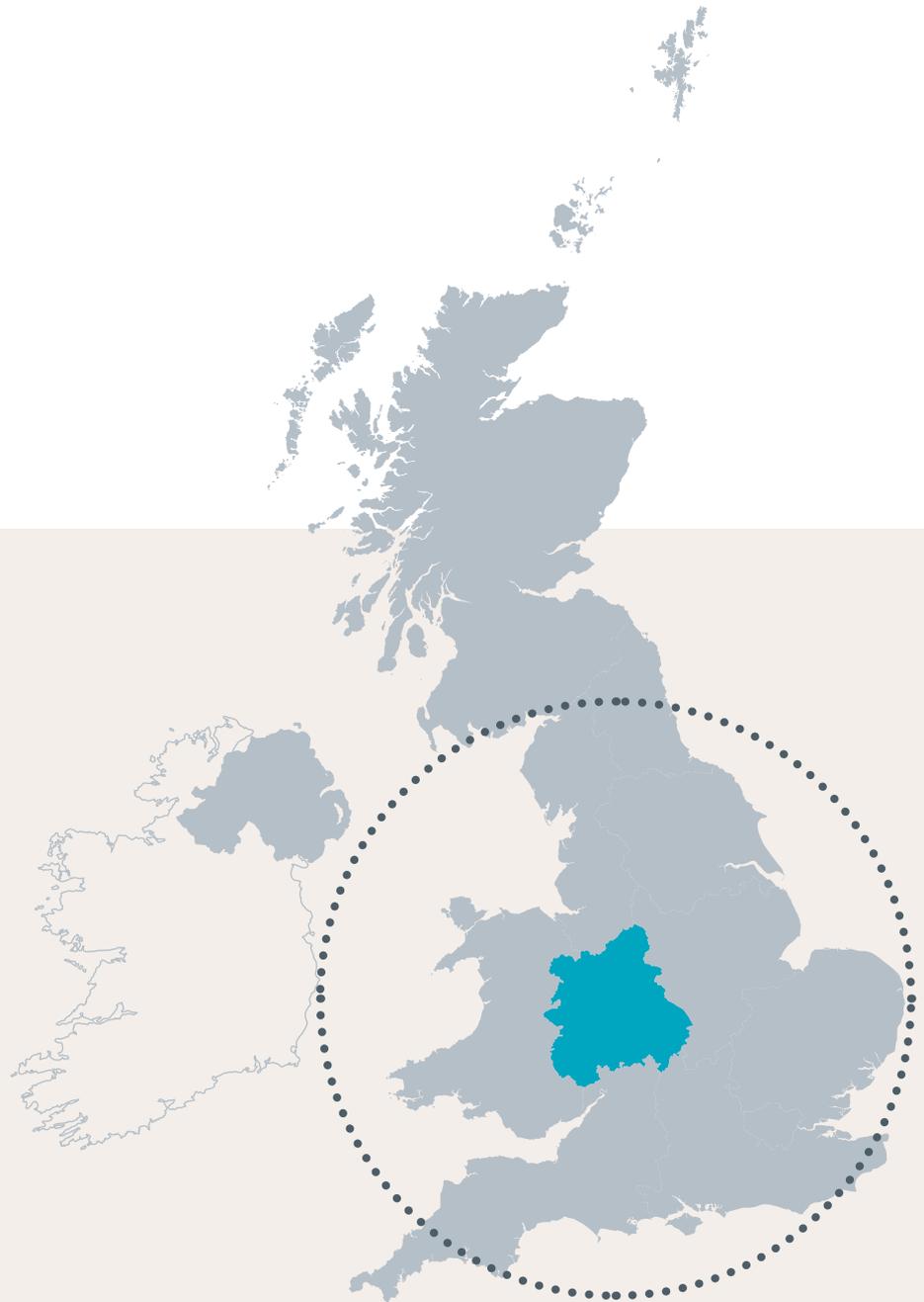
Overcoming skills shortages by supporting training and recruitment in a more competitive labour market requires combined action from CITB, construction companies, training providers and government.

Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring the West Midlands 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 over 230,000 workers and contribute around £14bn worth of output from an industry that accounts for 12% of all businesses that employ people in the region. ■



Annually the construction industry will contribute over

£14bn
WORTH OF OUTPUT



WEST MIDLANDS

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