



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

**SOUTH EAST
2024-2028**



KEY FACTS AND FIGURES



The volume of construction work in the South East will grow by an annual average rate of

2.7%¹



The biggest gains in output will come from these sectors:

HOUSING REPAIR & MAINTENANCE

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:

Labourers
Other professionals and technical staff working in construction
Civil engineers

Main projects in the South East include:

Otterpool Park a new 8,500 home garden town near Folkestone in Kent.

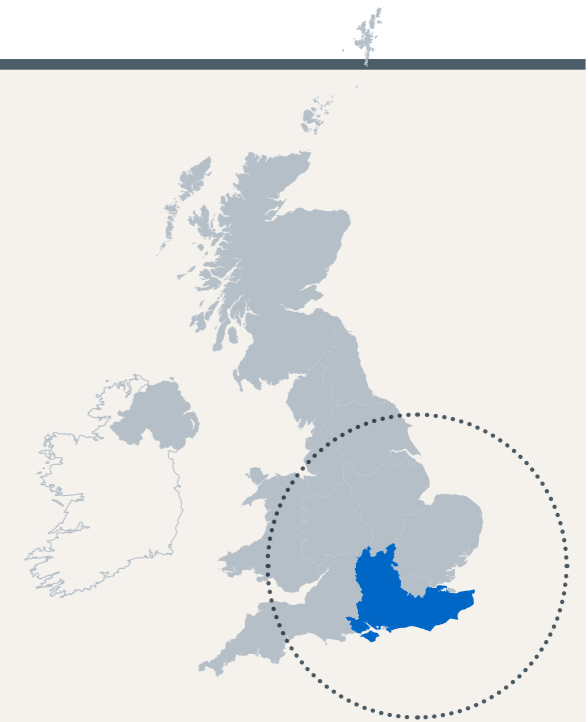
£8.2bn

Lower Thames Crossing

£2.2bn

Gatwick Airport Northern Runway

SOUTH EAST



The additional recruitment requirement in the South East of 0.5% per year is below the UK value of 1.9% and means an extra 10,400 workers will be needed in the region from 2024 to 2028. ■



UK MACROECONOMIC BACKDROP

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

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

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

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

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

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

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

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

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

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

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

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

STRUCTURE

The construction industry in the South East has 31,080 employers, which is 15% of all employers in the region.



Housing repair and maintenance sector:

29%

In 2023 the industry in the South East is estimated to have total output of around £26.6bn which is structured as per Figure 1 (below).

The South East has a much larger share of housing R&M work than the UK at 29%, compared to 20%, also making it the strongest sector in the region. The South East also has a higher share of non-housing R&M

work than the UK, together housing and non-housing R&M work make up 56% of the South East construction industry structure ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 SOUTH EAST

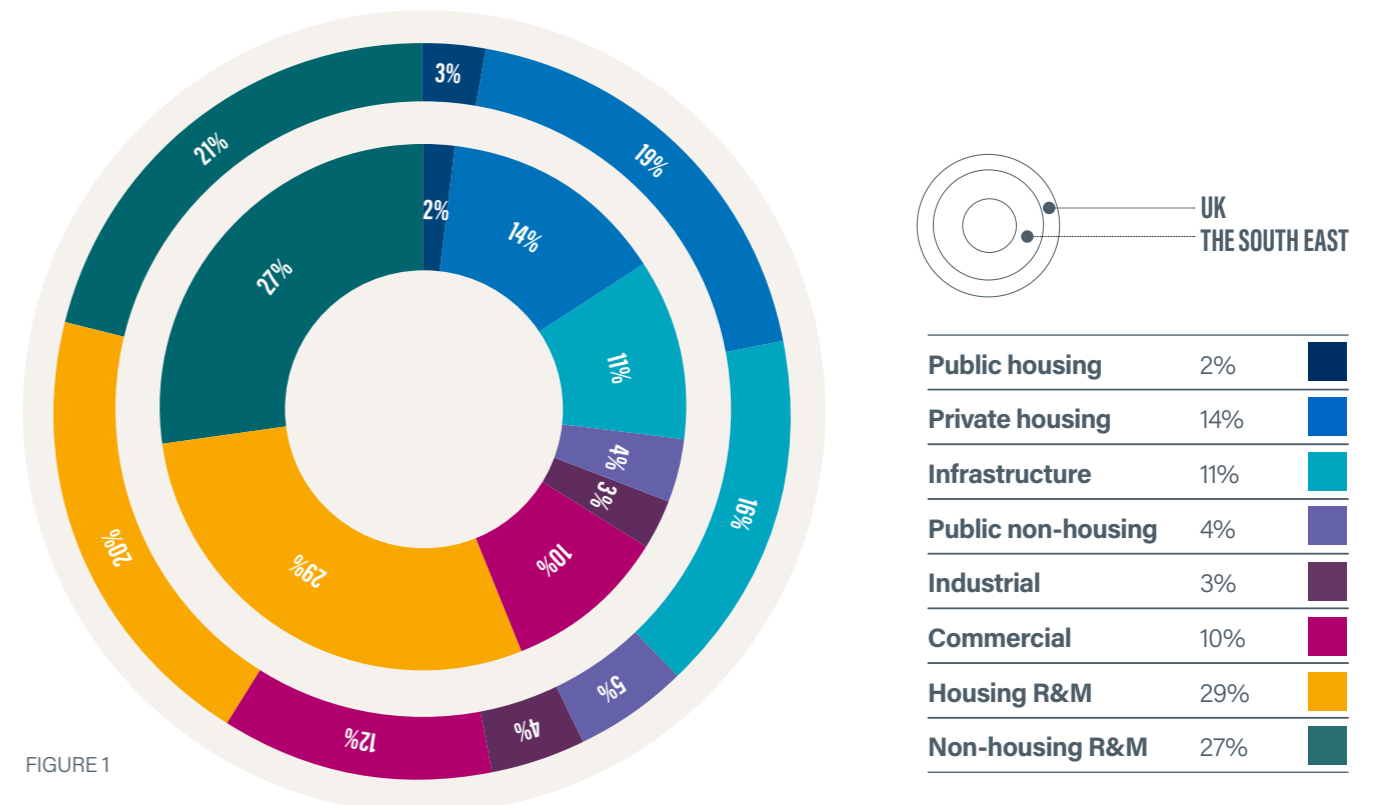



FIGURE 1


2023 VIEW

Total annual output 2023: 
£26.6bn




Housing R&M work increased by over: 
£1bn

2022 saw strong output growth in the South East, which continued into 2023. 

Output increased by almost 7% in the region, which is above the UK figure of 2%, putting the value of output in the region at a new high point at over £26.6bn. 

Growth was mainly due to housing R&M work, which increased by over £1bn, although there were also considerable increases in the non-housing R&M and infrastructure sectors. 

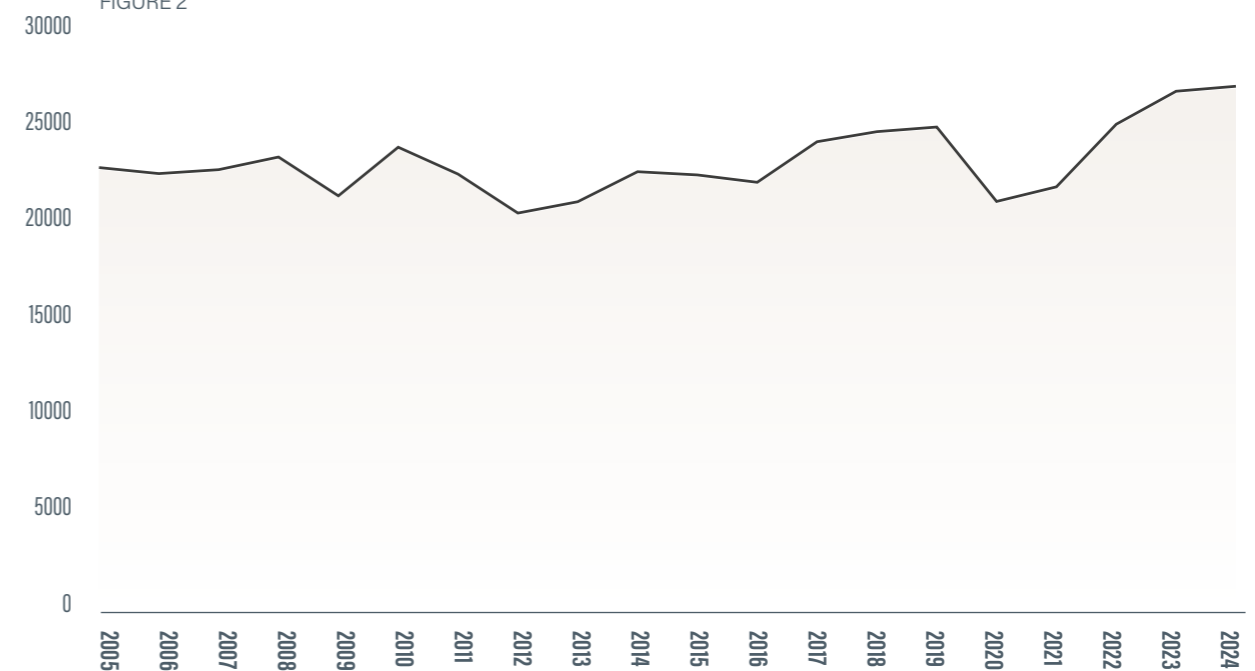
With a downturn in the housing market, the private housing sector saw output drop by over 22%. 

Going into 2024, we expect output in the South East to slow down, though not to decline, with growth of around 1.0%. 

CONSTRUCTION OUTPUT (£M) 2005 - 2024 SOUTH EAST

FIGURE 2

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



OUTPUT FORECAST 2024 - 2028

The South East has an average annual output growth rate of 2.7% over the next five years, which is above the UK rate of 2.4%. Over the forecast we are expecting strong growth in both housing and non-housing R&M above that expected across the UK. In terms of new work in the South East, growth

is expected to be in line with the UK, though the housing sectors are the main contributor to these gains.

The sectors with the highest average growth rates are private housing (4.1%) followed by public housing (3.5%). The housing R&M sector will generate the main gains, with an increase of almost

£1.4bn in output value over the next five years. After experiencing growth in recent years, infrastructure is expected to see a slight decline of 1.5%. ■

FORECAST

There are a number of significant projects driving the forecast in the region. **The Lower Thames Crossing, Gatwick Airport Northern Runway, and the Otterpool Park garden town.**



The Lower Thames Crossing:

£8.2bn



Gatwick Airport Northern Runway:

£2.2bn

The Lower Thames Crossing is a major project for the South East and a major project in the UK's road network as it would be the longest road tunnel in the country. It is estimated to cost between £6.4bn-£8.2bn and be completed by 2030, with its main aim being to relieve pressure on the existing A282 Dartford Crossing.

Gatwick Airport have plans to reposition the Northern Runway in order to allow dual operations, currently is limited to use as a taxiway only. If plans are approved, the £2.2bn privately financed plan could inject £1bn into the region's economy every year once operational.

There are also large housing projects in the region, for example, Otterpool Park, a garden town near Folkestone in Kent. The development includes 8,500 homes, 1,870 of which will be affordable housing. The plans include walking and cycling routes and the creation of an

integrated transport network, in addition to this, nine schools will be built, shops, health centres and community centres.

As part of the Oxford University Development (OUD), there are also plans for utilising space at the Begbroke Science Park creating Begbroke Innovation District. The plans offer new schools, community facilities for the benefit of residents of 1,800 new homes that will be created. ■

CONSTRUCTION OUTPUT – SOUTH EAST (£ MILLION, 2019 PRICES)

FIGURE 3

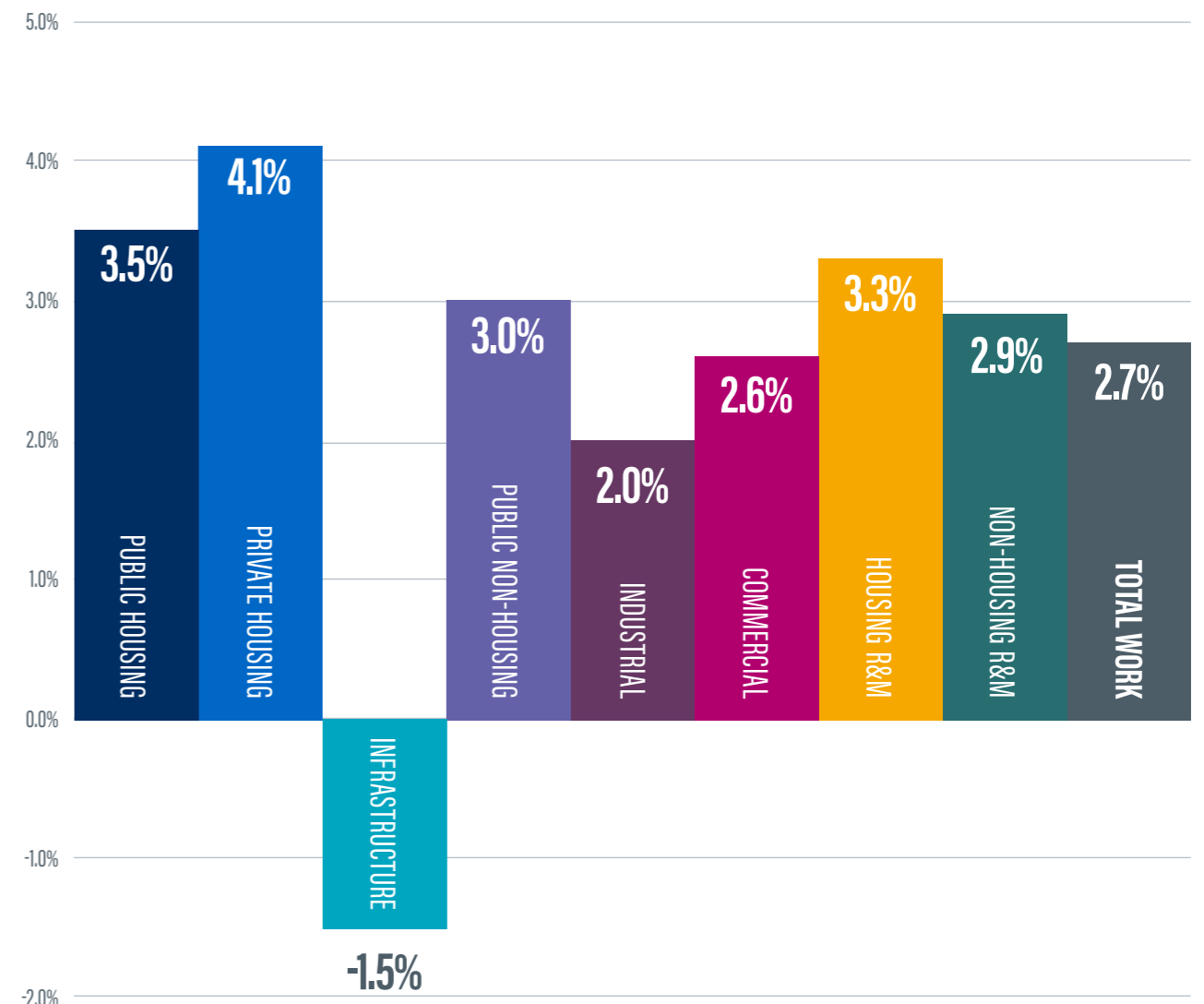
	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
		2023	2024	2025	2026	2027	
Public housing	597	0.6%	4.1%	4.2%	4.3%	4.2%	3.5%
Private housing	3,802	-4.7%	12.6%	4.2%	4.5%	4.4%	4.1%
Infrastructure	2,996	-7.8%	-0.2%	0.7%	0.2%	0.0%	-1.5%
Public non-housing	1,095	3.1%	4.3%	3.0%	2.6%	2.3%	3.0%
Industrial	737	-3.8%	3.4%	3.7%	3.7%	3.4%	2.0%
Commercial	2,695	1.6%	3.4%	2.9%	2.6%	2.4%	2.6%
New work	11,922	-3.0%	5.5%	3.0%	2.9%	2.7%	2.2%
Housing R&M	7,618	3.0%	4.7%	3.2%	3.0%	2.9%	3.3%
Non-housing R&M	7,087	5.4%	2.0%	2.3%	2.5%	2.4%	2.9%
Total R&M	14,704	4.2%	3.4%	2.7%	2.8%	2.7%	3.1%
Total work	26,626	1.0%	4.3%	2.8%	2.8%	2.7%	2.7%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028

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

SOUTH EAST

FIGURE 4



WORKFORCE FORECAST²

Average annual increase of construction workforce:
0.9%

The level of output growth in the South East gives an annual average increase of **0.9%** in the construction workforce, which is slightly higher than the UK figure of 0.6%.

We forecast that the 2023 workforce of 379,480 in the region will decrease slightly to 378,800 in 2024 before increasing to reach 396,560 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024³.

FIGURE 5

TOTAL EMPLOYMENT BY OCCUPATION — SOUTH EAST	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	38,910	40,430	44,410
Construction project managers	6,400	6,990	7,720
Non-construction professional and technical office based staff	49,460	48,620	48,730
Other non-construction office-based staff	45,060	43,100	41,670
Construction trades supervisors	6,230	6,440	7,080
Carpenters and joiners	21,280	21,200	22,740
Bricklayers and masons	7,210	7,040	7,210
Other construction and building trades	24,640	25,300	28,470
Painters and decorators	11,050	11,430	12,930
Plasterers	6,460	6,200	6,310
Roofers	5,070	5,360	6,200
Floorers and wall tilers	3,130	3,260	3,720
Glaziers and window trades	1,840	1,880	2,150
Scaffolders	3,450	3,640	4,070
Plant operatives	2,470	2,570	2,920
Plant mechanics/fitters	3,510	3,640	3,960
Steel erectors and metal workers	1,770	1,810	2,010
Labourers	21,580	20,840	20,910
Groundworkers	4,210	4,230	4,600
Electrical installation trades	17,280	17,550	19,400
Plumbing and HVAC trades	21,790	21,420	22,370
Logistics	5,190	4,950	4,820
Road and rail construction operatives	2,120	2,160	2,300
Non-construction trades and operatives	5,310	5,410	5,890
Total (SIC 41-43)	315,420	315,470	332,590
Civil engineers	8,090	8,120	8,230
Other professionals and technical staff working in construction	40,900	40,380	40,720
Architects	4,150	4,020	3,970
Surveyors	10,960	10,830	11,030
Total (SIC 41-43, 71.1, 74.9)	379,480	378,800	396,560

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 South East is set to average

0.5% PER YEAR

based on 2023 workforce levels, which is lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 2,080 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:

- Labourers (360 per year)
- Other professionals and technical staff working in construction (310 per year)
- Civil engineers (290 per year)

There will be pressure on occupations such as architects (4.1%), plant operatives (3.2%), scaffolders (1.7%) and groundworkers (1.7%) where demand is high compared to their workforce level.

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

FIGURE 6

ANNUAL RECRUITMENT REQUIREMENT BY OCCUPATION — SOUTH EAST	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	-	-
Construction project managers	1.1%	70
Non-construction professional and technical office based staff	-	-
Other non-construction office-based staff	-	-
Construction trades supervisors	1.0%	60
Carpenters and joiners	0.8%	180
Bricklayers and masons	1.0%	70
Other construction and building trades	0.2%	60
Painters and decorators	-	<50
Plasterers	-	<50
Roofers	-	<50
Floorers and wall tilers	-	<50
Glaziers and window trades	-	-
Scaffolders	1.7%	60
Plant operatives	3.2%	80
Plant mechanics/fitters	-	<50
Steel erectors and metal workers	-	-
Labourers	1.7%	360
Groundworkers	1.7%	70
Electrical installation trades	-	-
Plumbing and HVAC trades	0.9%	190
Logistics	-	<50
Road and rail construction operatives	-	<50
Non-construction trades and operatives	1.1%	60
Civil engineers	3.6%	290
Other professionals and technical staff working in construction	0.8%	310
Architects	4.1%	170
Surveyors	0.5%	50
Total (SIC 41-43, 71.1, 74.9)	0.5%	2,080

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

Construction job vacancies in the South East remain at about 25% higher than pre-covid (2019) levels.

25%



The current level of recruitment in the region's construction industry has been around 28,000 workers per year joining and slightly more leaving, around 30,000 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 2,080 workers per year. This is important to understand because there is a still a relatively high level of construction vacancies in the South East that need filling going into 2024.

Figure 7 shows how construction job vacancies in the South East over the last 2 years have risen above the UK trend, and they are still almost 25% higher than pre-covid (2019) levels.

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

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

Companies that 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.

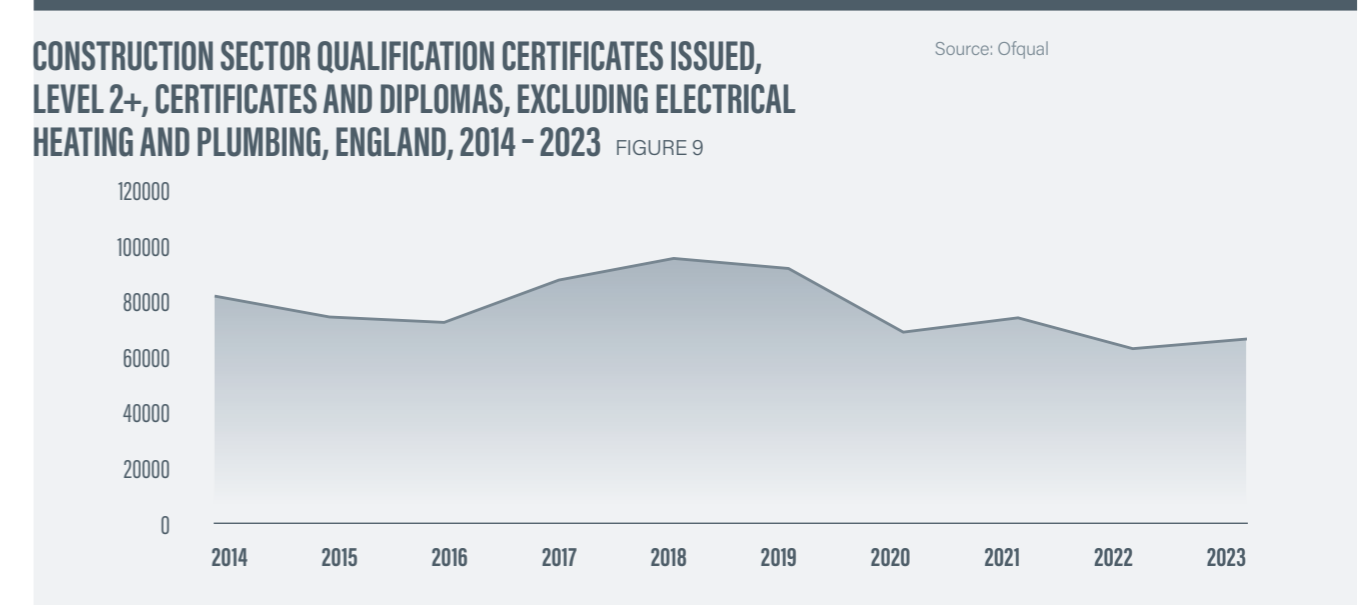
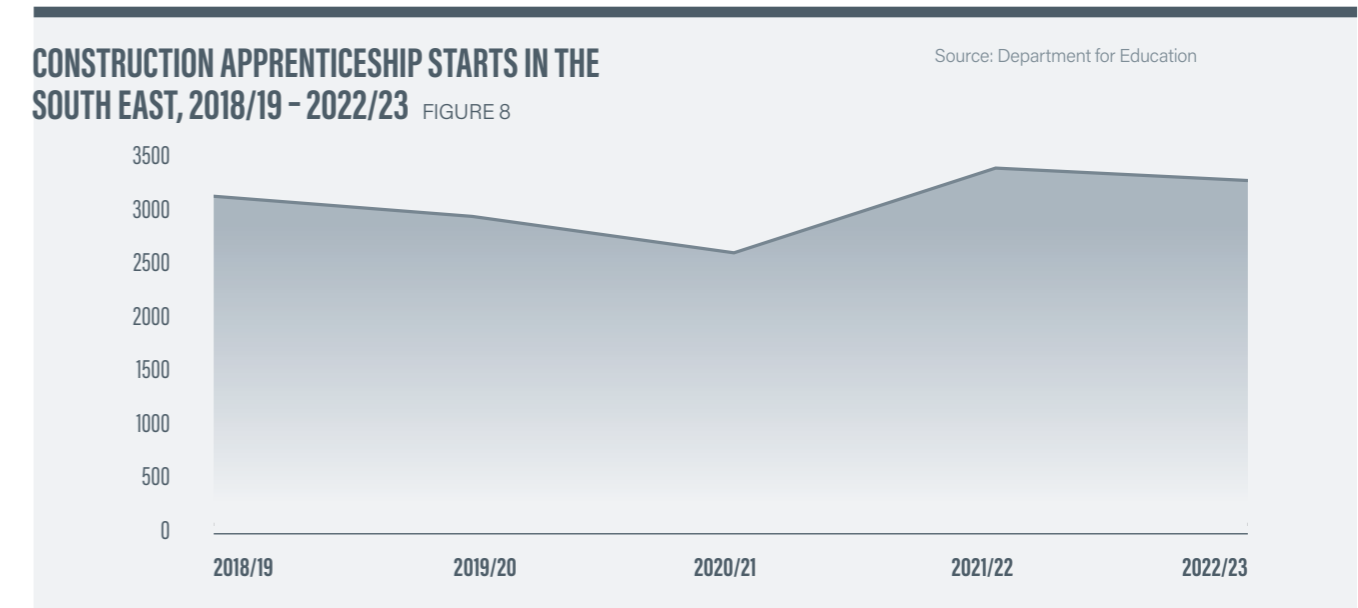
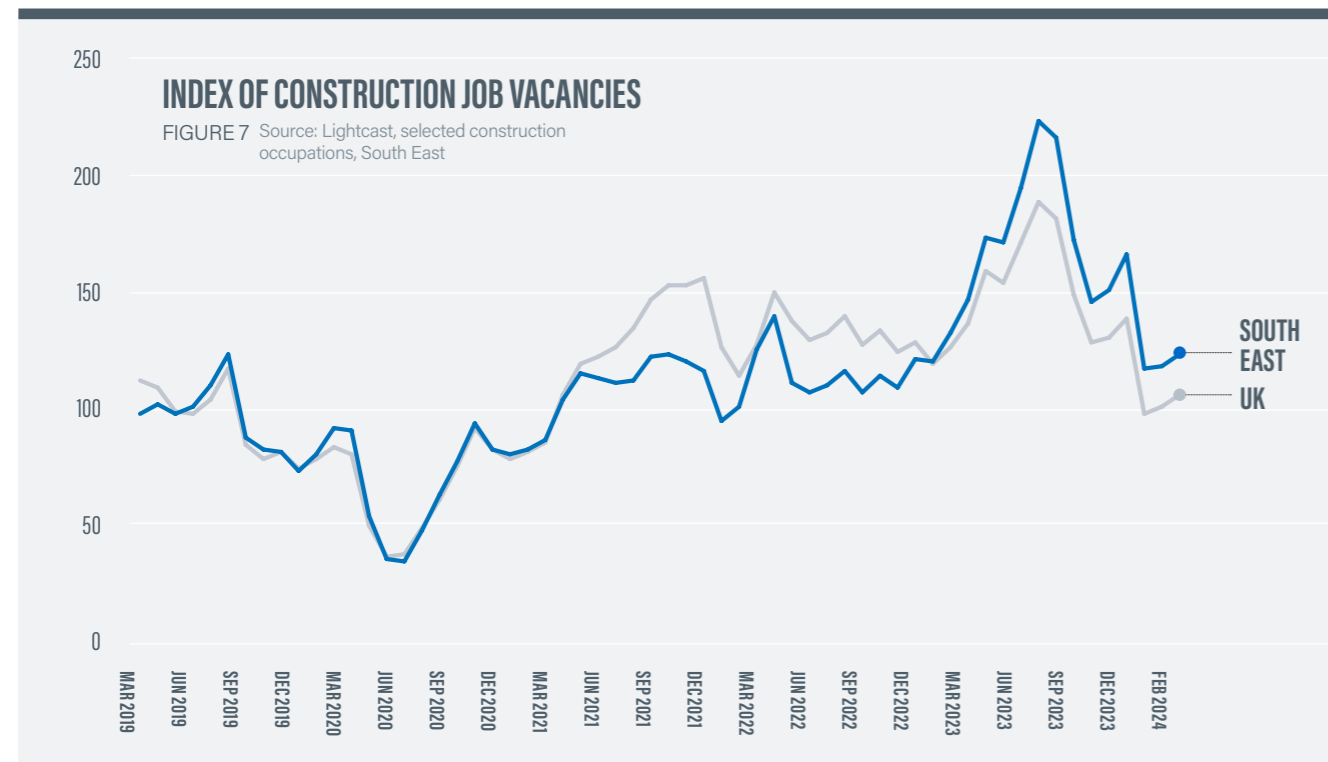
Training is an important aspect of staff development and recent trends aren't positive for construction.

Figure 8 shows construction apprenticeship starts in the South East picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 31% up on 2020/21, however, they dropped in 2022/23 by 4%. Indications are that 2023/24 will see a further drop in starts as half year numbers are down 5% compared to the same point in 2022/23. ■

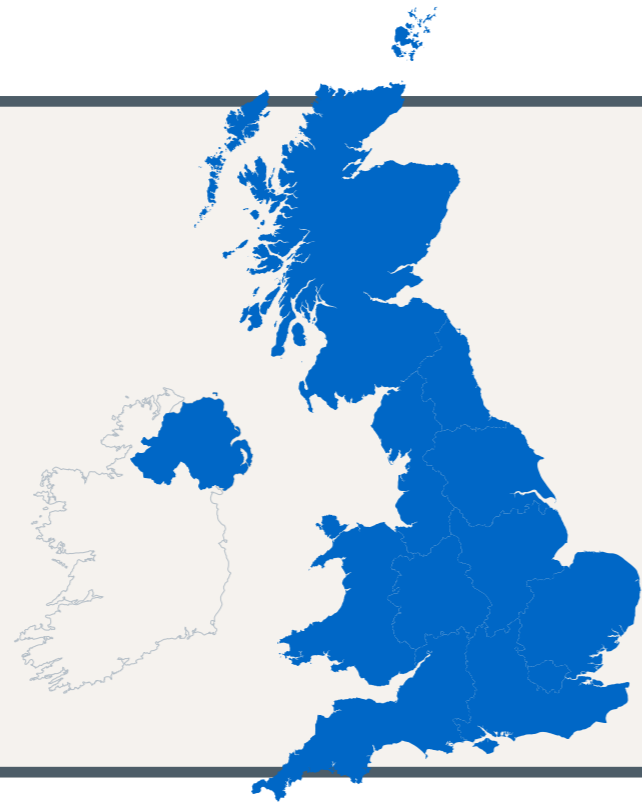
Looking at the range of construction training achieved across England at Level 2 and above, there is a similar pattern. From 2014–2016 there was a decline in certificates issued, which then increased from 2017–2019, with the main qualifications being related to plant operations, site carpentry and brickwork.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

- which hasn't really increased (see Figure 9).
- 2014–2016: average of 80,000 certificates per year
 - 2017–2019: average of 95,000 certificates per year
 - 2020–2023: average of 72,000 certificates per year

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



CITB SUPPORT TO INDUSTRY



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

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

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

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

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



CITB SUPPORT TO THE SOUTH EAST



In the South East CITB will:

- **National Skills Academy for Construction:** We will continue to expand the network of National Skills Academies for Construction across the region. Working closely with the contractors to develop a skills and employment plan that will create job opportunities to local workforce and upskill the existing workforce.
- **Major Projects Group:** CITB has taken over the leadership of this group from the South East LEP to collaborate on skills initiatives across the South East to ensure we have a skilled and competent workforce. We will do this by developing bespoke construction programmes that support the recruitment and retention of the workforce to have the skills they need.
- **Local Skills Improvement Plans (LSIP):** We will work closely with the LSIPs to ensure successful delivery of construction skills across the region and construction companies are aware of the CITB products and services available to support them develop and retain their workforce. Highlighting the grants and funding available to them to upskill their staff and the wider support through the new entrant support team to recruit apprentices.

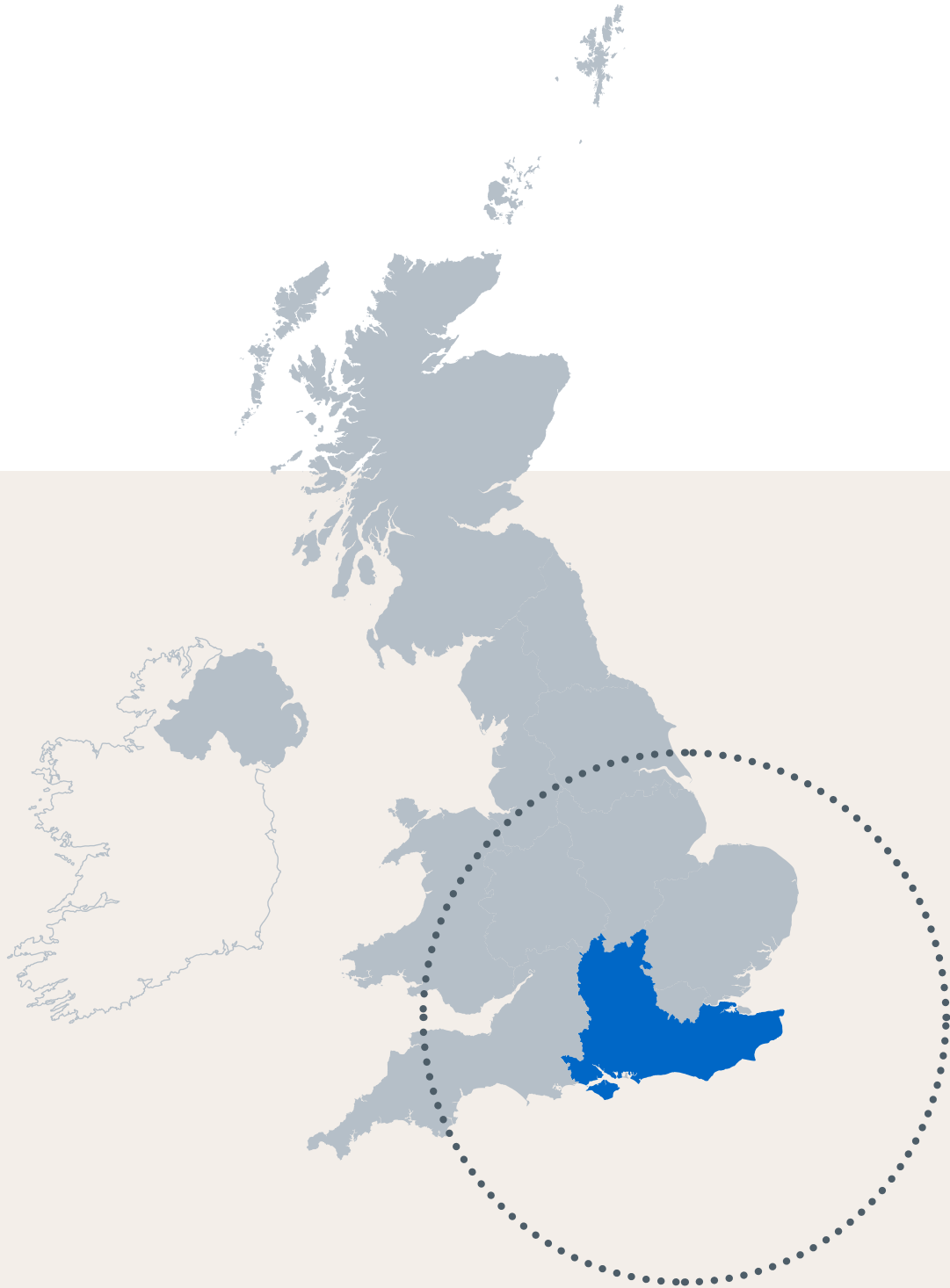
Overcoming skills shortages by supporting training and recruitment in a more competitive labour market requires combined action from CITB, construction companies, training providers and government.

Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring the South East 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 almost 380,000 workers and contribute around £26.6bn worth of output from an industry that accounts for 15% of all businesses that employ people in the region. ■



Annually the construction industry will continue to support

380k+ WORKERS



SOUTH EAST

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

**DANA SHEANON
INDUSTRY ANALYST
DANA.SHEANON@CITB.CO.UK**

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

Cover image: Portsmouth Port