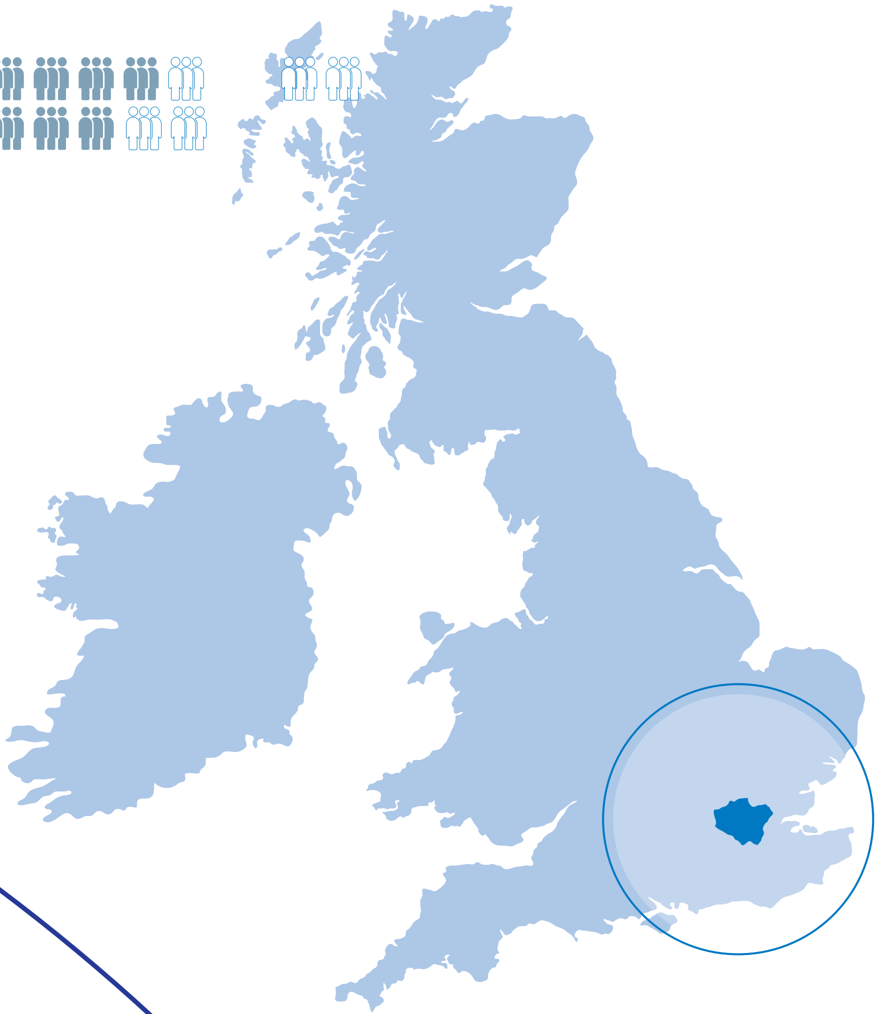

ConstructionSkills Network 2010-2014 Greater London

LABOUR MARKET INTELLIGENCE

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Contents

Labour Market Intelligence

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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 - Greater London

Greater London has the largest construction market among the English regions and devolved nations, overtaking the South East in 2007. Output is expected to grow in the capital at an annual average rate of 2% between 2010 and 2014, a little higher than the UK average of 1.7%. New work dominates in the region, accounting for 63% of output in 2008, compared with 58% in the UK as a whole. This dominance is predicted to increase over the forecast period as new work grows but repair and maintenance (R&M) declines. Employment is forecast to reach around 316,500 in 2014, just over 1% up on 2010's level, but nearly 10% below 2008, as most growth is expected in capital intensive areas of the industry, such as infrastructure.

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

Greater London is the largest construction market in the UK

Key findings

There are significant variations projected across the construction sectors in Greater London between 2010 and 2014 with robust growth rates in both the housing sectors and infrastructure and more modest rises or declines in the rest.

By far the most buoyant sector is expected to be the infrastructure one, with its 17% plus annual average growth rate in large part predicated on the Crossrail project. Funding for the Crossrail project was confirmed in the pre-budget report and even if there was a change of government in 2010 it is hard to see the project being cancelled with around £3bn having already been spent by that time. There are arguments that the project could be scaled down or spread over a longer period of time, but the former would somewhat defeat the object of the scheme in the first place and the latter would ultimately mean a higher cost.

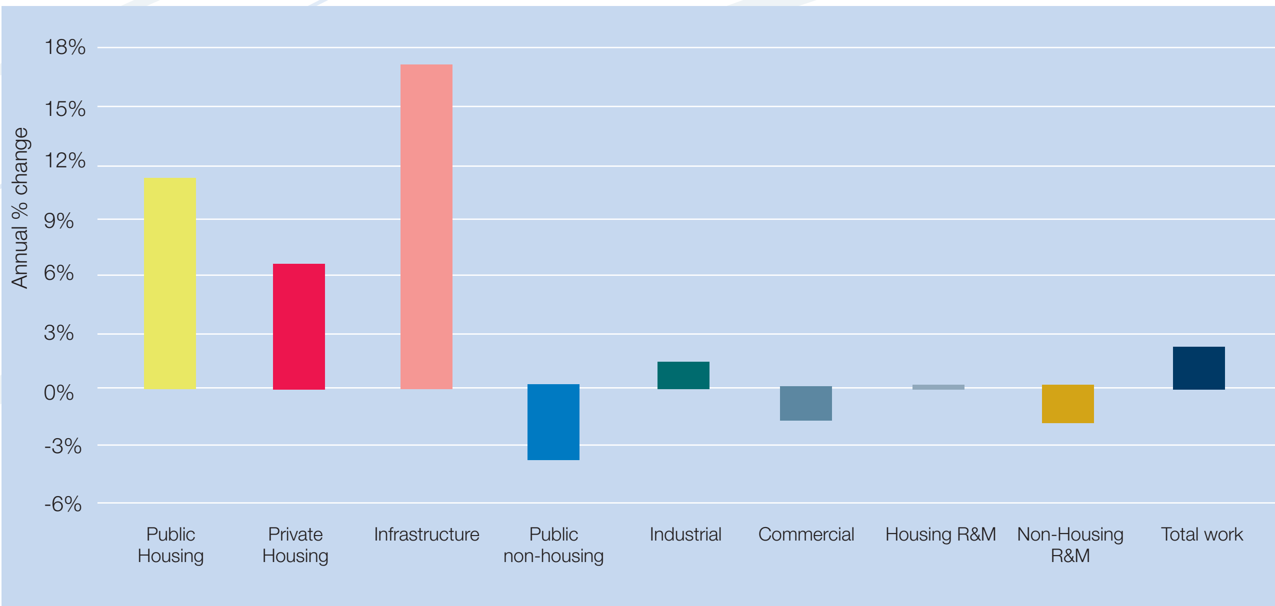
Public housing output is also expected to grow strongly between 2010 and 2014, although the rate of growth will slow after 2011 as the 2008–2011 Affordable Housing Programme (AHP) completes. The feeling is that public funding for the sector post-2011 will at best be flat and thus growth in the second half of the forecast period will be heavily predicated on social housing providers' ability to raise private finance. In the private housing sector the underlying strength of demand in the capital is likely to push activity up. In the short term, London should benefit from the Kickstart programme, with over £52m allocated by the end of November to help nine stalled mixed tenure projects across the region.

Construction employment across the region is projected to fall sharply between 2008 and 2010 and then slowly pick up again to 2014. However growth over the forecast period is a very modest 1.2% to around 316,500 by 2014, constrained by the fact that output will be rising in the less labour intensive sectors, such as infrastructure, and falling in the more labour intensive repair and maintenance sectors.

Finally the annual recruitment requirement (ARR) for the region stands at around 3,300, relatively low in relation to its size. The largest requirements are likely to be for labourers nec* (640) and plant operatives (510), although those most in demand on a relative basis (as a % of 2010 employment) are expected to be plant operatives (15%) and steel erectors (10%).

30, St Mary Axe, City of London

Annual average construction output growth 2010-2014 - Greater London



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

* nec - not elsewhere classified

Contents
1 Summary and key findings
2 The outlook for construction in Greater London
3 Construction employment forecasts for Greater London
4 Comparisons across the UK

2 The outlook for construction in Greater London

2.1 Construction output in the Greater London – overview

Greater London was one of only three regions, along with the South East and North East of England, which saw rising output in real terms in 2008. Output totalled just over £17bn in 2005 prices in that year, a 5% increase from 2007 and much more buoyant than the UK as a whole, which saw a 1% decline. New work activity continued to rise at a reasonably robust 6%, while the increase in repair and maintenance (R&M) work was less strong at 3%.

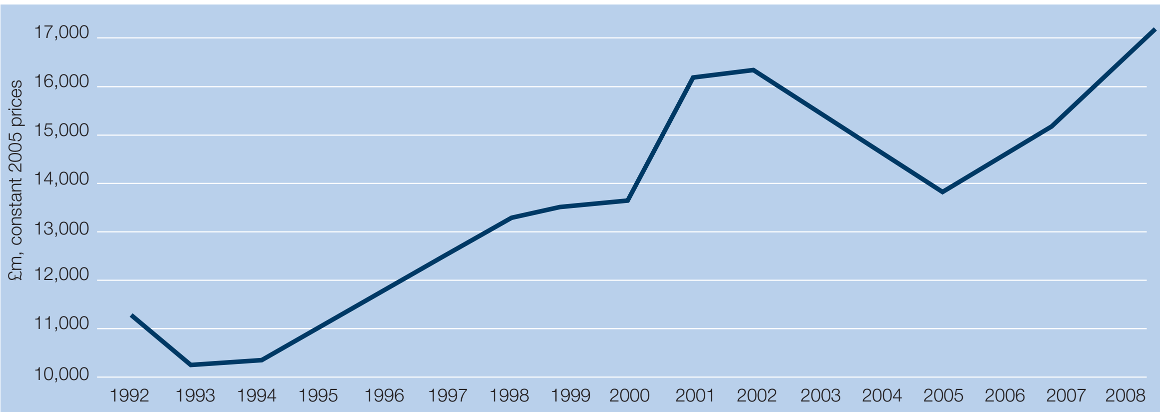
London is the home of one of the world's most important financial markets and thus the commercial construction sector is by far the largest in the capital. Output growth in this sector managed to stay in positive territory in 2008, albeit by a fairly modest 2%, despite the worsening global economic climate. Large state-of-the-art office projects tend to have two to three year construction timelines, thus the sector often has a significant level of work-in-progress to be completed, even in a downturn.

The most buoyant sector in 2008 was the public non-housing one, driven in large part by work on Building Schools for the Future (BSF) projects, from which Greater London is one of the major beneficiaries in the early waves.

In contrast, both the housing sectors, public and private, suffered declines in activity, although in the case of the private sector, the 5% drop was much less than that across the UK as a whole (-20%). There is inherently strong underlying demand for housing in the capital which tends to mitigate some of the more short term cyclical variations in the market. However public housing has been suffering badly from less overall development and thus less opportunity to procure social housing units through section 106 agreements, which are very prevalent in London.

Housing R&M output in the capital fell marginally in 2008 as consumers began to retrench, however the non-housing sector surged quite strongly, with 6% growth.

Construction output 1992-2008 - Greater London



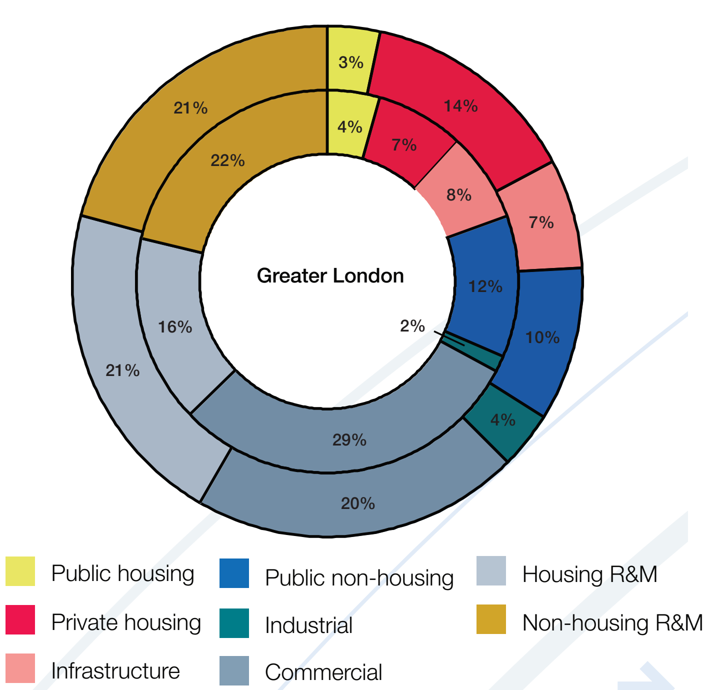
Source: ONS
ref. CSN Explained, Section 4, Note 1

2.2 Industry structure

The diagram, Construction industry structure 2008 – UK vs. Greater London illustrates the sector breakdown of construction in the region compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

It amply demonstrates the point made about the importance of the commercial sector to London construction when compared with the UK as a whole. It also demonstrates that the capital has a proportionally smaller private housing market, in fact the smallest by share across the UK. Housing R&M also takes a smaller share of construction output in London than in the UK as a whole, due to the fact that a larger proportion of the stock of buildings are non-residential. This would suggest that non-housing R&M should make up a larger proportion of activity, but in London there is more of a propensity to demolish and rebuild rather than repair.

Construction industry structure 2008 - UK vs. Greater London



* nec - not elsewhere classified

Economic structure - Greater London (£ billion, 2005 prices)

Selected Sectors	Actual 2008	Forecast Annual % change, real terms 2009	2010	2011	2012	2013	2014
Public services	49	0.2	0.8	1.4	1.6	1.8	2.0
Financial and business services	108	-2.8	2.1	4.3	4.6	4.0	3.8
Transport and communications	23	-3.8	1.3	2.7	2.4	2.1	2.0
Manufacturing	12	-9.4	-0.5	0.6	0.2	0.0	0.1
Distribution, hotels and catering	30	-6.0	0.3	2.4	2.6	2.7	2.5
Total Gross Value Added (GVA)	**249**	**-3.1**	**1.1**	**2.5**	**2.7**	**2.3**	**2.5**

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 from 2010 to 2014, provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

Gross Value Added (GVA) in London rose to £248.6bn in 2008, on a 2005 constant price basis, a 1.4% increase on the previous year and close to 21% of the UK total. This makes Greater London's economy by far the largest of the devolved national and regional economies of the UK.

London's position as a global financial centre means that the financial and business services sector dominates its economy, accounting for over 43% of GVA in 2008, compared with around 27% for the UK as a whole. The sector experienced very robust growth over the decade to 2007, increasing its importance to the capital's economy.

The second largest sector in London's economy is public services, taking just below a 20% share of total GVA. However, its share of the capital's economy has been moving in the opposite direction to finance and business services over the past decade.

2.5 Forward looking economic indicators

In GVA in Greater London is expected to have contracted by a little over 3% in 2009, a lower rate than across the UK as a whole. The irony is that although the current recession started in the financial sector, many other areas of the economy have been hit harder, and thus London's reliance on this sector has benefitted the capital, relatively speaking.

Over the 2010–2104 forecast period, London's economy is projected to average 2.2% growth annually, better than the UK average of 1.6%.

The financial and business services sector is expected to bounce back from its current malaise to be the most buoyant sector in the region, although an average annual growth rate of around 4% will be well down on the 6% plus seen between 2000 and 2007.

Real household disposable income is likely to decline slightly in 2010 on the back of higher taxes as VAT returns to 17.5% from January 2010, although the recent 0.5% increase in national insurance contributions will not come into effect until April 2011. Thereafter growth is expected to return as the economy improves and average earnings rise at a faster rate. Consumer's debt to income ratio in the capital is predicted to decline slowly from 1.7 in 2009 to just over 1.5 in 2014 as households look to decrease their overall level of indebtedness over the period.

London traditionally has a higher Labour Force Survey (LFS) unemployment rate than the UK as a whole and this is likely to peak at around 12.4% in the third quarter of 2010 before slowly subsiding thereafter. The unemployment peak for the UK is likely to be at the same time, although at a lower rate of around 9%.

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

	Actual 2008	Forecast Annual % change, real terms 2009	2010	2011	2012	2013	2014
Real household disposable income	129	3.5	-0.6	2.2	2.2	2.1	2.2
Household spending	113	-1.7	-0.3	1.7	2.9	3.2	3.3
Debt:income ratio	1.7	0.1	-0.8	-4.6	-3.5	-1.6	-0.8
House prices (£'000, current prices)	331	-12.8	-2.4	1.4	3.5	4.4	5.0
LFS unemployment (millions)	0.29	39.6	25.3	-3.6	-13.4	-14.5	-8.0

Source: ONS, DCLG, Experian

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

	Actual 2008	Annual % change 2004	2005	2006	2007	2008
Public housing	572	76.6	17.6	39.3	-15.9	-13.9
Private housing	900	40.6	-15.2	32.6	-4.0	-15.8
Infrastructure	1,298	-46.3	3.2	51.7	25.1	12.7
Public non-housing	2,477	9.0	-3.5	7.2	58.2	78.5
Industrial	206	-1.6	19.2	106.0	-41.8	15.5
Commercial	3,276	30.7	14.4	59.4	-4.5	-28.9
Total new work	**8,729**	**13.6**	**5.8**	**47.1**	**2.5**	**-3.6**

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

2.6 New construction orders - overview

New orders for the construction industry in Greater London fell by 3.6% to £8.73bn (current prices) in 2008, the first such decline since 2003. However, the capital fared much better than Great Britain as a whole (there are no new orders data series for Northern Ireland), where the contraction was 18% on the same basis.

There were very significant differences in performance between sectors, with the housing and commercial sectors experiencing substantial declines in the level of new orders, but the public non-housing sector in particular seeing robust growth. Driving this growth was the letting of contracts for some of the main Olympic venues.

2.7 New construction orders - current situation

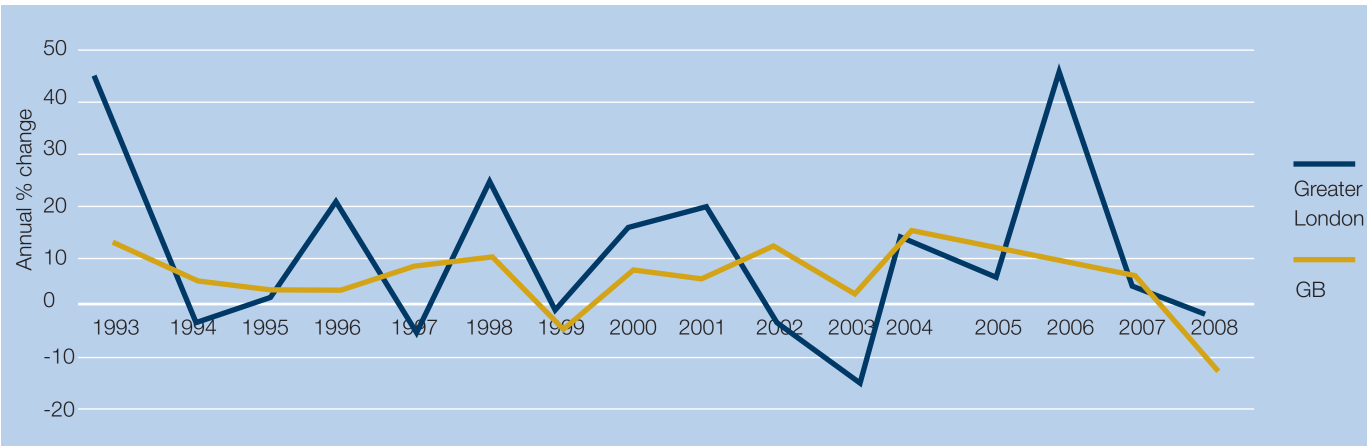
While new construction orders held up well in 2008 they began to tumble in London in the first three quarters of 2009, falling by 35% when compared to the same period of 2008, to £4.24bn in current prices.

The falls, as expected, were biggest in the private sectors. Orders for new industrial construction collapsed to just £40m in the first three quarters of 2009, 80% down on the corresponding period of 2008. The commercial sector did not fare much better with a 59% drop on the same basis, while those for new private housing were down by 40%.

In the public sectors, new orders for the public non-housing one fell by 39% over the same period, but this was hardly a surprise as the bulk of Olympics orders had been placed in the previous year. The public housing sector experienced a more moderate decline, although the trend of new orders was up from the first quarter as social housing providers started to sort out new delivery mechanisms in the absence of section 106 possibilities.

The only sector to show growth in new orders in the first three quarters of 2009 was the infrastructure one and the increase was very robust at 65%.

New construction orders growth 1993-2008 - Greater London vs. GB



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

Contents
1 Summary and key findings
2 The outlook for construction in Greater London
3 Construction employment forecasts for Greater London
4 Comparisons across the UK

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

Regional Office of 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.

Construction output in Greater London totalled just under £9bn (current prices) in the first half of 2009, which was nearly 12% down on the previous half year and 7% below the same period of 2008. The prognosis for the year as a whole is for an 8% decline in output, with both the new work and R&M sectors to fare equally badly.

The short term forecasts for the London construction sector is for a further, smaller, decline in output in 2010 before growth returns in 2011, giving an annual average growth rate between 2010 and 2011 of just 0.4%. New work is predicted to fare better than R&M with a 2.9% average growth rate in the former compared with a 3.9% fall in the latter.

There is little doubt that the main driver of any growth in London construction activity will be the infrastructure sector. Activity is ongoing on the Thameslink project, with work now well in progress on the redevelopment of Farringdon and Blackfriars stations and the first of the major contracts to upgrade Tottenham Court Road Underground station for Transport for London (TfL) has recently been let. On the down side the planned upgrade of Victoria Underground station has been delayed. However, all these projects pale in significance next to Crossrail, which is due to begin in earnest in the middle of 2010. The CSN forecast assumes that Crossrail goes ahead as currently planned, hence the very strong growth rates for the sector.

Growth in public house building activity is also forecast to be robust over the short term. Apart from the substantial funding allocations under the 2008–2011 Affordable Housing Programme (AHP), the capital has the London-Wide Initiative designed to build an extra 5,000 units for low cost home ownership. There are 16 schemes in the initiative.

Both the private and public housing sectors are also benefitting from the Kickstart programme, targeted at stalled mixed tenure developments. As of the end of November 2009, nine developments in London had been allocated Kickstart funding of over £52m covering 810 new units.

Public non-housing activity is likely to peak in 2010 after three years of very robust growth, as projects in Waves 1 and 2 of the BSF programme near completion and less comes through from Waves 3 and 4. London has ten projects in the pathfinder and first two waves, but only four in the second two. In the health sector, work is ongoing on the £1bn redevelopment of St Barts and the Royal London hospitals, but this is unlikely to contribute any further growth to the sector. Last but not least, the Olympic build programme will provide a good stream of output in 2010 and into 2011.

Least buoyant will be the commercial sector. Work in progress kept output in the sector up in 2008, but as demand for new office, retail and leisure premises melted away and projects completed, output began to decline sharply in 2009. At present there is little incentive for developers to bring space to the market in the next 12 to 18 months as there is little chance of take up. Those behind the Heron Tower and Shard of Glass projects have made the calculation that by the time space from these two schemes hits the market around 2012, the economic situation will have improved. However, they are the exception to what is a very muted development pipeline in London at present.

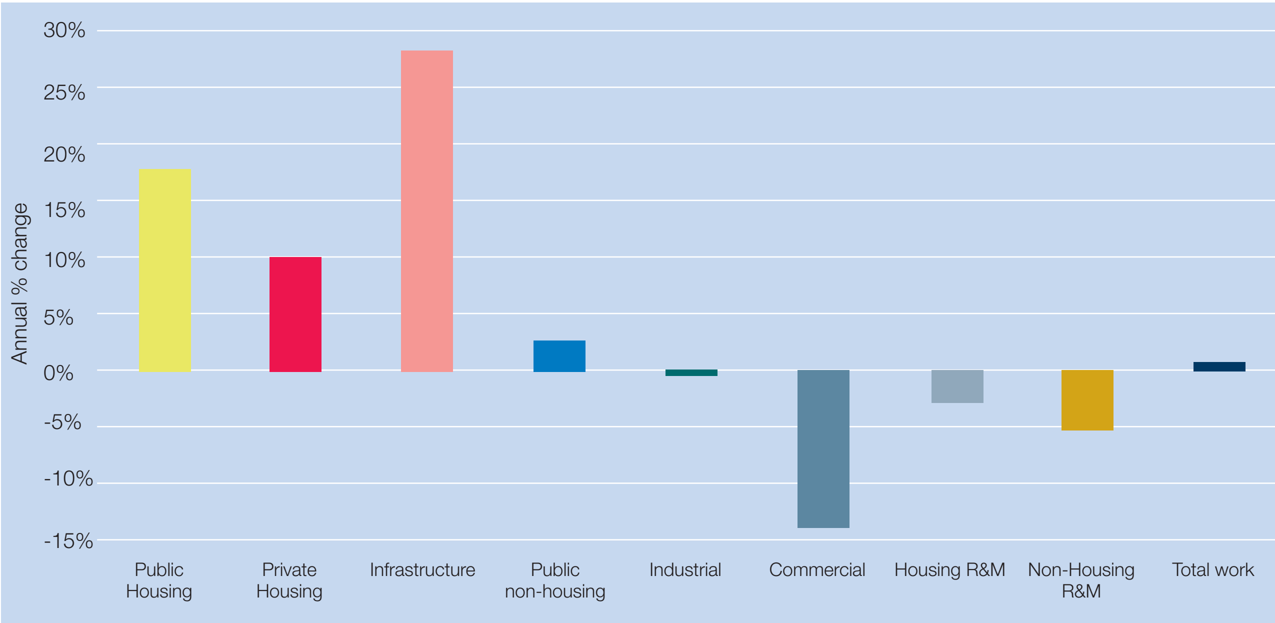
Both the R&M sectors are predicted to suffer declines in activity in the short term as the public and private sectors continue to tighten their respective belts. In the private housing R&M market consumers are likely to continue to defer spending on big ticket items, such as new kitchens or bathrooms, until economic conditions improve.

Construction output - Greater London (£ million, 2005 prices)

	Actual	Forecast annual % change			Annual average
	2008	2009	2010	2011	2010-2011
Public housing	756	-8%	22%	15%	18.0%
Private housing	1,259	-7%	6%	14%	10.1%
Infrastructure	1,279	12%	31%	25%	27.8%
Public non-housing	2,042	19%	8%	-3%	2.5%
Industrial	264	-34%	-3%	4%	0.6%
Commercial	5,103	-23%	-23%	-3%	-13.2%
New work	**10,703**	**-8%**	**0%**	**6%**	**2.9%**
Housing R&M	2,655	-5%	-4%	-1%	-2.1%
Non-housing R&M	3,662	-11%	-5%	-5%	-5.2%
Total R&M	**6,317**	**-8%**	**-4%**	**-3%**	**-3.9%**
Total work	**17,020**	**-8%**	**-2%**	**3%**	**0.4%**

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

Annual average construction output growth 2010-2011 - Greater London



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

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

Over the medium term, construction output growth in London is expected to be stronger than in the short term, with the annual average rate of increase rising to 2% between 2010 and 2014 as a whole. This is predicated on continuing robust activity levels in the infrastructure sector and a recovery in private construction. Growth will be entirely on the new work side, with an annual average rise of 3.6%, while the R&M sector is predicted to suffer an overall decline over the forecast period.

The infrastructure sector will continue to be the star performer in London, although this scenario is very much predicated on the Crossrail project going ahead largely as planned. However, there are other major projects due to come on site during the forecast period such as Thames Water's Tideway Tunnel project and a new treatment works, with a combined estimated value of around £1.4bn, and the redevelopment of terminals 1, 2A and 2B at Heathrow, now called the Eastern Campus, which BAA has estimated at £1.86bn. Without Crossrail though, these other projects would probably only replace those that would be winding down, such as Thameslink, and thus not lead to any significant growth in the sector.

After its sharp bounce back in the early part of the forecast period, private housing output growth is projected to settle down to around its long-term growth rate of around 5% per annum in the capital as the housing market returns to more 'normal' levels of activity. In the longer term, the worry is that without a major shift in attitudes to housing, the 'boom and bust' cycle will repeat itself as the continuing mismatch between demand and supply ends up driving unsustainable levels of house price growth yet again.

Demand for affordable housing in the capital will continue to fuel reasonable growth in public housing output. However, post–2011, with public expenditure cuts a certainty, the likelihood is that at best the next AHP will only have the same level of funding as the 2008–2011 one, thus if social housing providers are looking to expand, they will need to source higher levels of finance from the private sector.

Public non-housing output is expected to see a fairly sizeable downturn over the forecast period. Main works on the Olympic venues are due to be completed in mid-2011 and thus output streams from this project will drop off sharply thereafter. BSF activity should stay high in the short term, but the programme must be considered to be one under threat of cuts in the medium term. Thus Waves 1 to 4 may be safe, but the future of the following waves is a lot more uncertain. London has eleven projects in Waves 5 and 6 of the BSF, thus the capital could be very substantially hit if projects are postponed.

The industrial construction sector is by far the smallest in London, accounting for less than 2% of output in 2008. The sector is expected to experience modest growth over the forecast period on the back of a steadily improving economic environment for manufacturers, but this makes little difference to overall construction activity levels in the capital.

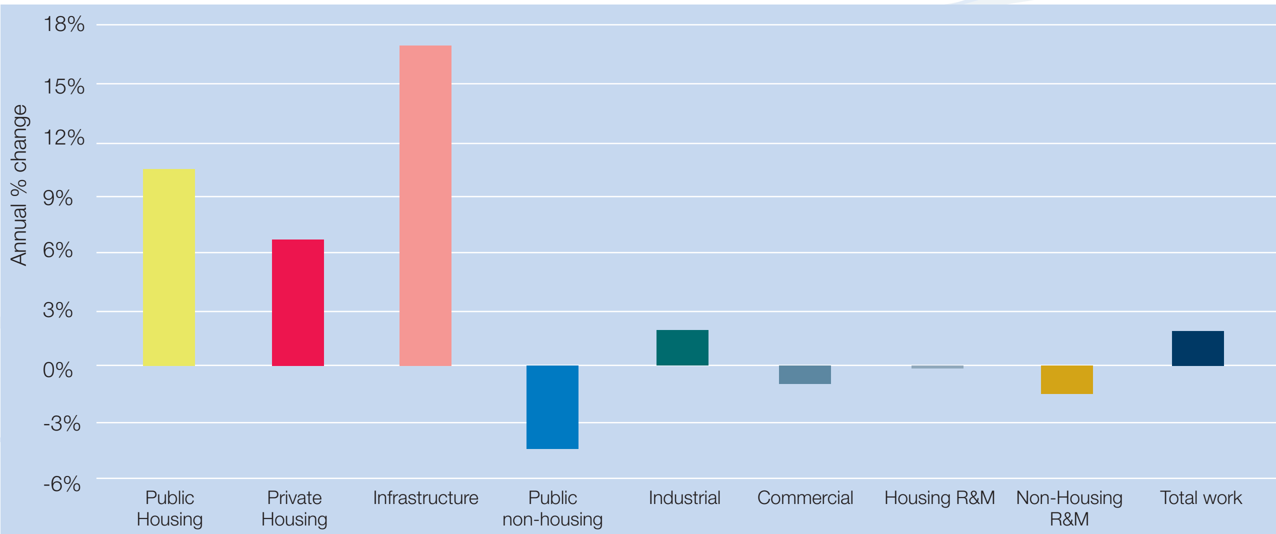
The commercial construction sector is predicted to have an annual average decline of 1.6% over the whole of the forecast period, but this poor performance is due to the very sharp downturn in activity in 2010. From 2012 onwards, as the economy recovers and demand for office, retail and leisure space returns, output growth is likely to strengthen in the sector. Ironically, commercial construction output could also be boosted by public expenditure cuts in the education sector as one way of delivering on future improvements to facilities would be to channel work through PFI/PPP procurement routes.

Construction output - Greater London (£ million, 2005 prices)

	Estimate	Forecast annual % change					Annual average
	2009	2010	2011	2012	2013	2014	2010-2014
Public housing	697	22%	15%	4%	8%	8%	10.8%
Private housing	1,168	6%	14%	6%	5%	3%	6.9%
Infrastructure	1,428	31%	25%	17%	10%	5%	17.1%
Public non-housing	2,436	8%	-3%	-11%	-9%	-5%	-4.1%
Industrial	174	-3%	4%	6%	1%	0%	1.6%
Commercial	3,947	-23%	-3%	3%	8%	10%	-1.6%
New work	**9,849**	**0%**	**6%**	**3%**	**5%**	**4%**	**3.6%**
Housing R&M	2,528	-4%	-1%	2%	1%	1%	-0.1%
Non-housing R&M	3,263	-5%	-5%	0%	2%	2%	-1.4%
Total R&M	**5,792**	**-4%**	**-3%**	**1%**	**1%**	**1%**	**-0.8%**
Total work	**15,641**	**-2%**	**3%**	**3%**	**4%**	**3%**	**2.0%**

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

Annual average construction output growth 2010-2014 - Greater London



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

3 Construction employment forecasts for the Greater London

3.1 Total construction employment forecasts by occupation

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

By 2014 total construction employment in Greater London is forecast to reach around 316,500 when including SIC 45 and 74.2. This represents growth of just 1.2% in employment terms between 2010 and 2014, and comparing 2014 to 2008 employment levels will still be over 9.5% down.

The above employment figures may initially seem a bit odd considering a 2% annual average output growth rate, which takes construction activity in the capital up to slightly above 2008 levels in 2014 in real terms. However, it is the change in the mix of construction activity, combined with productivity gains, that is leading to relatively modest employment growth. Infrastructure, which is the least labour intensive of the sectors, is projected to increase its share of total output from 7.5% in 2008 to over 18% by 2014, while the most labour intensive of the sectors, repair and maintenance, is expected to see its share decline from 37% to 32% over the same period.

Of the construction specific occupational groups, wood trades and interior fit out remains the largest in the capital, accounting for 9.4% of total employment in 2008, although this share is likely to decline to around 8% by 2014. Electrical trades and installation is the second largest grouping, taking a share of 8.6% of total employment in 2008, and this is also expected to decline, to 7.8% by 2014. These falls in employment share help to demonstrate further the change in the mix of activity, with occupations that could be considered building ones tending to do worse than occupations that would be considered more civil engineering related.

Between 2010 and 2014 the largest percentage increases in employment are expected among logistics personnel (47%), civil engineering operatives nec* (46%) and scaffolders (40%).

Total construction employment forecasts by occupation	Actual	Forecast	
	2008	2010	2014
Senior, executive, and business process managers	20,650	19,370	20,790
Construction managers	31,940	29,790	31,280
Non-construction professional, technical, IT, and other office-based staff	47,240	44,100	45,900
Wood trades and interior fit-out	32,900	28,160	25,400
Bricklayers	7,980	6,370	5,460
Building envelope specialists	12,720	10,360	8,920
Painters and decorators	21,590	18,520	17,350
Plasterers and dry liners	4,810	4,320	4,390
Roofers	4,640	3,520	2,960
Floorers	5,290	4,440	3,930
Glaziers	4,400	3,530	2,750
Specialist building operatives nec*	7,110	6,700	5,880
Scaffolders	2,620	2,560	3,600
Plant operatives	3,480	3,330	4,540
Plant mechanics/fitters	4,140	3,460	3,560
Steel erectors/structural	2,390	2,450	2,640
Labourers nec*	13,840	12,570	16,840
Electrical trades and installation	30,250	27,250	24,760
Plumbing and HVAC Trades	20,940	17,260	14,480
Logistics	4,260	4,190	6,150
Civil engineering operatives nec*	5,290	5,140	7,510
Non–construction operatives	4,680	4,320	6,100
Civil engineers	7,320	6,430	5,800
Other construction professionals and technical staff	24,270	20,560	20,600
Architects	15,920	13,830	13,390
Surveyors	9,520	10,390	11,530
Total (SIC 45)	**293,160**	**261,710**	**265,190**
Total (SIC 45 and 74.2)	**350,200**	**312,890**	**316,510**

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 ARR 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 for 26 occupational groups within Greater London's construction industry between 2010 and 2014 is illustrated in the table. The ARR of 3,300 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. This represents 1.5% of the base 2010 workforce on average.

In absolute terms the largest ARRs are for labourers nec* (640), plant operatives (510), and senior, executive and business process managers (470), although in relative terms (as a percentage of the 2010 base workforce) plant operatives and steel erectors are likely to be most in demand.

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

ARR by occupation	2010-2014
Senior, executive, and business process managers	470
Construction managers	190
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	-
Bricklayers	-
Building envelope specialists	140
Painters and decorators	-
Plasterers and dry liners	130
Roofers	-
Floorers	-
Glaziers	<50
Specialist building operatives nec*	<50
Scaffolders	140
Plant operatives	510
Plant mechanics/fitters	-
Steel erectors/structural	250
Labourers nec*	640
Electrical trades and installation	-
Plumbing and HVAC Trades	-
Logistics	-
Civil engineering operatives nec*	330
Non–construction operatives	-
Civil engineers	180
Other construction professionals and technical staff	-
Architects	-
Surveyors	250
Total (SIC 45)	**2,870**
Total (SIC 45 and 74.2)	**3,300**

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

* nec - not elsewhere classified

4 Comparisons across the UK

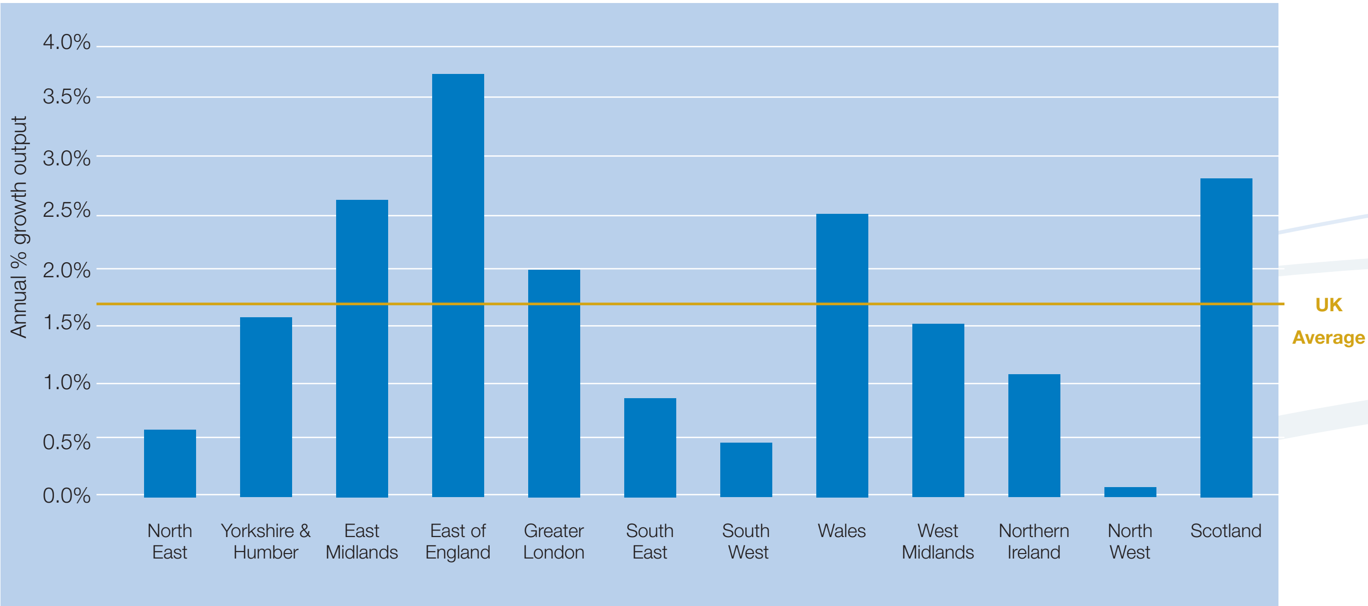
Between 2010 and 2014, construction output for all regions and nations is expected to grow, with the East of England likely to have the highest growth rate on an annual average basis, followed by Scotland and then the East Midlands. Greater London, with a 2% annual average output increase is ranked fifth in the growth stakes, a little above the UK average of 1.7%.

The infrastructure sector should be the best performing market in new work in the UK and Greater London is expected to be one of the regional engines of growth for the sector. Infrastructure projects, either on site or in the pipeline for Greater London include, Thameslink, Tottenham Court Road Underground redevelopment, the Thames Water Tideway Tunnel project, and by far the biggest of them all, Crossrail. The East of England is likely to be the other important region for infrastructure work with an average annual growth rate between 2010 and 2014 in double digits, as roads and harbours projects provide a significant stream of output for the sector.

With the winners of the 2010 General Election likely to be under severe pressure to cut public expenditure, it is expected that the BSF programme, responsible for driving output growth in the public non-housing sector in the recent past, will be among those at significant risk. Greater London has been one of the main beneficiaries of the early stages of this programme and thus would be hit hard by any cut backs. Furthermore, work on Olympic venues boosted output in the early part of the period, however once these are completed they will leave a big hole in the sector's activity which is unlikely to be plugged by new projects.

Growth in housing output, both public and private, is expected to be stronger in London than in the UK as a whole due to the strength of underlying demand in the capital, particularly that of affordable housing, especially for public sector key workers such as nurses, teachers, firefighters, police officers and the like. The private housing sector in London also benefits from foreign investment at the top end of the market.

Annual average output growth by region 2010 - 2014



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

Greater London, with a

2%,

average output increase is ranked fifth in the growth stakes, a little above the UK average of

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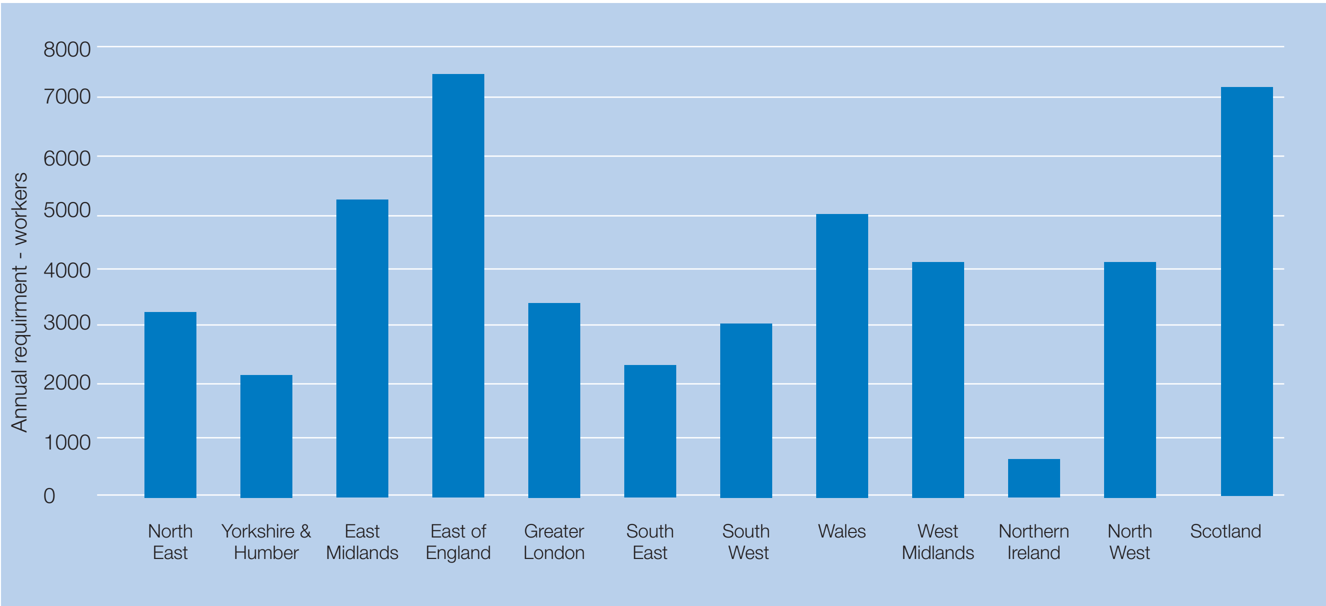
Annual recruitment requirement (ARR) by region 2010 - 2014



Source: CSN, Experian

Greater London is expected to be one of the regional engines of growth for the infrastructure sector.

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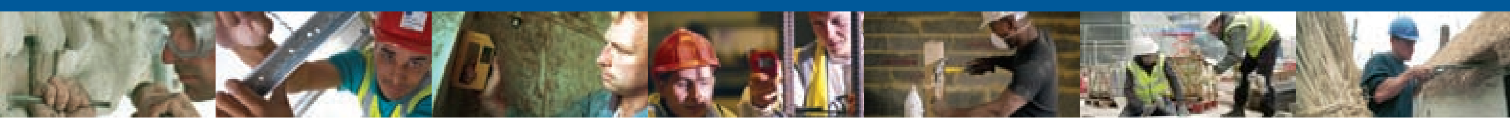

Alliance
Sector Skills Councils

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