



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

GREATER LONDON
2024-2028



KEY FACTS AND FIGURES



The volume of construction work in Greater London will grow by an annual average rate of

2.9%¹



The biggest gains in output will come from these sectors:

PRIVATE HOUSING

HOUSING R&M

COMMERCIAL

with each increasing by more than

£1bn

over the forecast period.



The occupations with the strongest additional recruitment requirement levels are:

Non-construction professional and technical office-based staff

Other professionals and technical staff working in construction

Surveyors

Main projects in Greater London include:

£8bn

Thamesmead.

£8bn

Brent Cross Town.

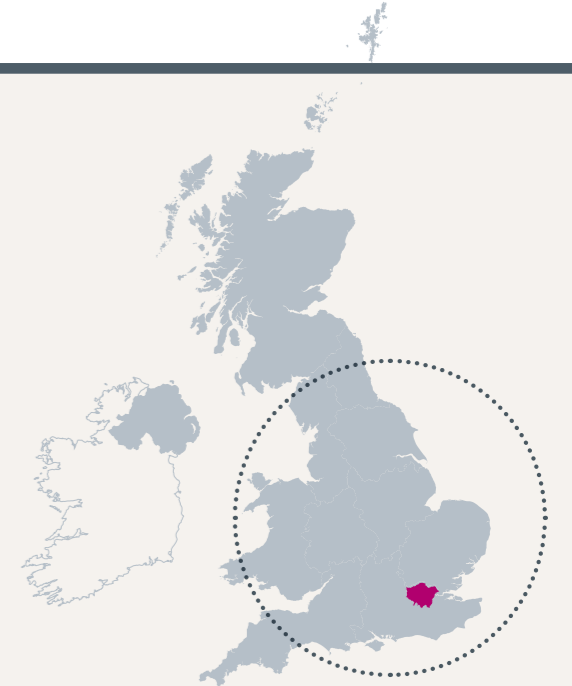
£6bn

Meridian Water Regeneration.

These will deliver output for a number of sectors.

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

GREATER LONDON



The additional recruitment requirement in Greater London of 1.3% per year is lower than the UK value of 1.9%. **An extra 26,250 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 years 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 Greater London has 27,480 employers, **which is 11% of all employers in the region.**

Private housing sector:

24%

In 2023 the industry in Greater London is estimated to have total output of around £37.5bn which is structured as per Figure 1 (below).

The profile of the construction industry in Greater London continues to show a high share of private housing (24%) and commercial (21%) work, reflecting its size, population, and being one of the world's major finance centres. The strength of these sectors effectively

reduces the relative shares of the R&M sectors, however, they are still important for the region as they account for 30% of total output. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 GREATER LONDON

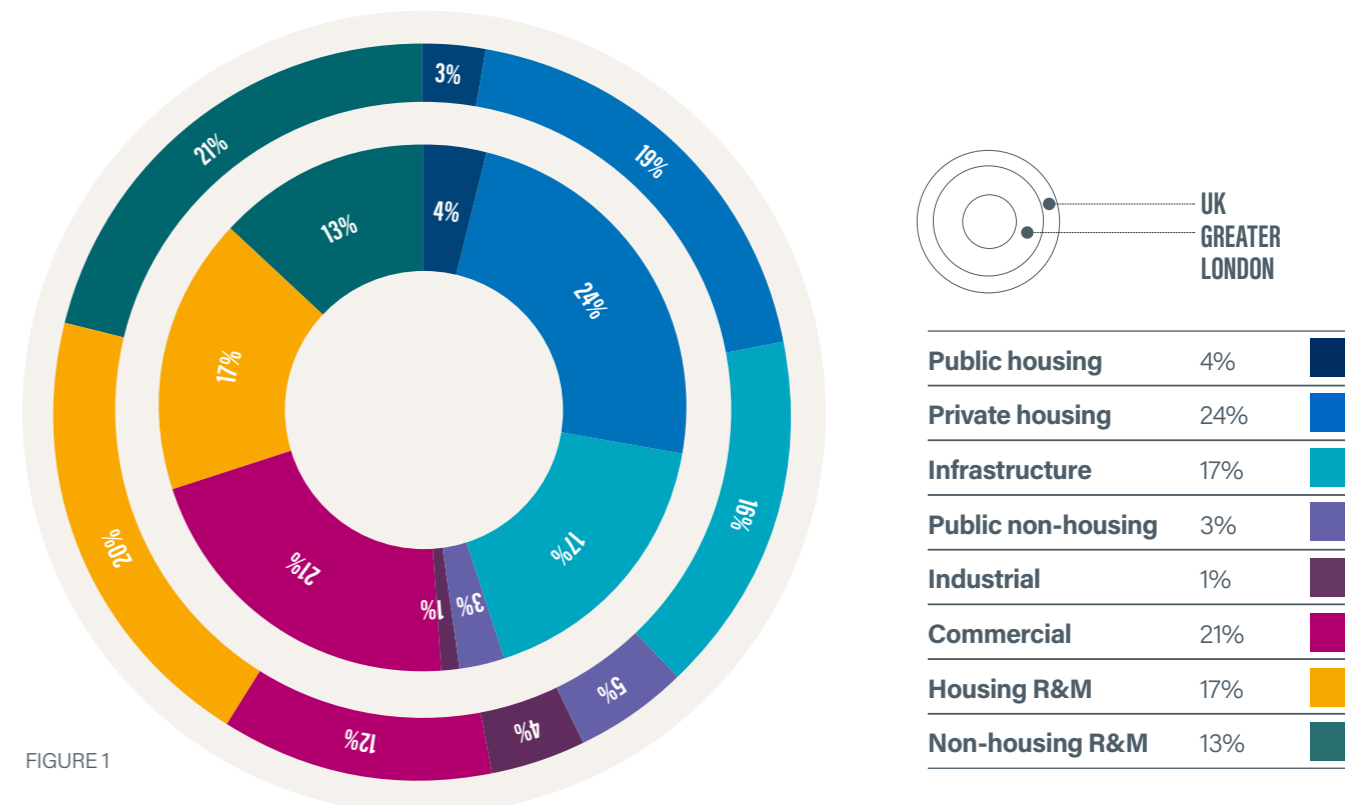



FIGURE 1

2023 VIEW


Total annual output 2023: 
£37.5bn




Growth in R&M: 
22%

2023 was a mixed year for construction output in Greater London. 

While UK output grew by 2% from 2022 to 2023, Greater London's total output stayed around the £37.5bn mark with marginal growth of 0.2%. 

Although the total value was similar to 2022, there were some notable shifts across the construction sectors. There was a pick-up in commercial work of 9%. Output fell between -10% to -15% in the public housing, private housing, infrastructure and public non-housing sectors, resulting in a drop in all new work of nearly -7%. 

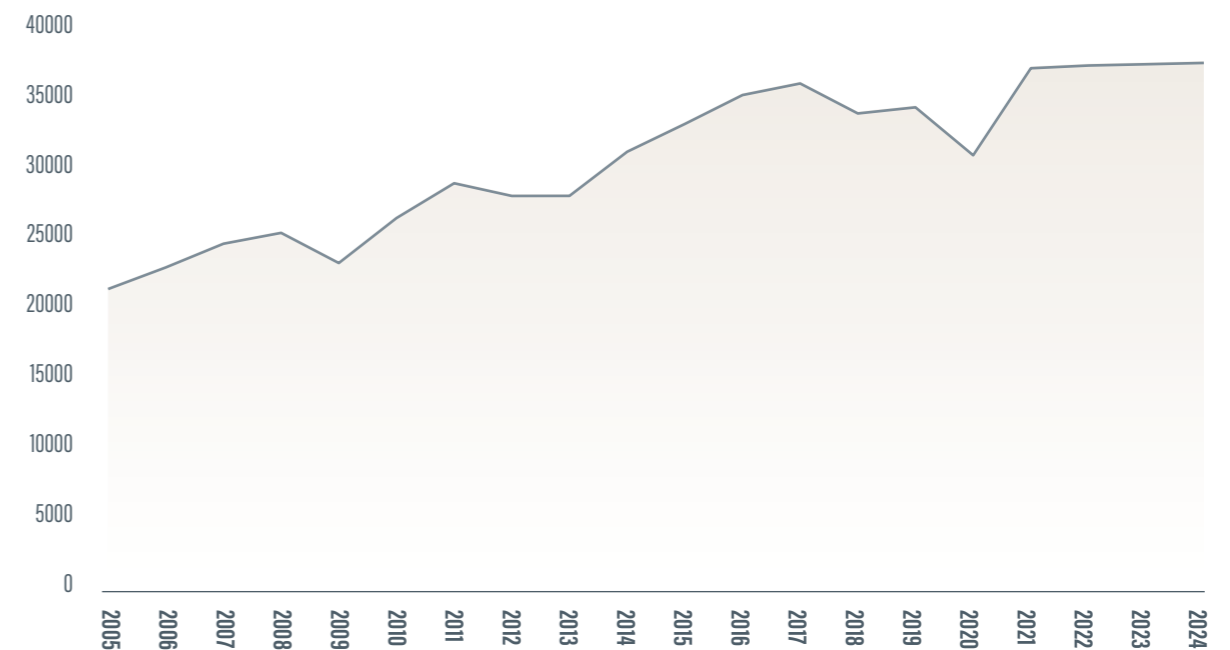
In contrast to this, R&M output grew by nearly 22%, cushioning the impact of the drop in new work. While there was a similar trend seen across the UK, Greater London gained more from increases in R&M. 

Going into 2024, we expect output in Greater London to remain around the same level as the economy stabilises. 

CONSTRUCTION OUTPUT (£M) 2005-2024 GREATER LONDON

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

FIGURE 2



OUTPUT FORECAST 2024-2028

Greater London has an average annual output growth rate of 2.9%, which is above the UK rate of 2.4%. Over the forecast we are expecting R&M to slightly outperform new work with overall growth rates of 3.2% and 2.8%, although the profiles are different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance

in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

The sectors with the highest growth rates are public non-housing (3.4%), private housing (3.3%) and housing R&M (3.3%), as Figure 4 illustrates, there isn't a huge variance with most sectors set to experience growth of

over 2.4%. The exception in the industrial sector, which looks set to see a very marginal drop of -0.1%.

In terms of increases in actual value of output, the sectors showing the biggest gains are private housing, housing R&M and commercial, with each increasing by more than £1bn over the forecast period. ■

FORECAST

In Greater London there are a number of very large scale long-term developments. The Thamesmead, Brent Cross Town, Queen Elizabeth Olympic Park, Meridian Water Regeneration, Canada Water, Barking Riverside and Castle Green will deliver output for a number of sectors.



Silvertown in East London:

£3.5bn



HQ's of the Daily Express:

£429m

Work is ramping up on HS2, which will provide a boost to the infrastructure sector, while the planned restoration and renewal of the Houses of Parliament is another significant project that could start during the forecast.

Examples of other work are:

- The 2021-26 Affordable Homes Programme (AHP) plans to build 180,000 new homes, with £7.47bn to be distributed via Homes England.

The London Mayor also secured £3.39bn to deliver 29,456 homes with councils and housing associations from the first round of bidding.

- The government has also pledged £233m to infrastructure funding as part of a wider £3.5bn regeneration of Silvertown in East London which will include a new pedestrian and cycle bridge across Royal Victoria Dock, the restoration of Millennium Mills and dock wall repairs.

- Contributing towards Greater London's public non-residential sector is the £429m contract to refurbish the former HQ's of the Daily Express on London's Fleet Street and Goldman Sachs, which has been vacant since 2019.
- Old Oak and Park Royal Development plans to deliver a new centre and community in West London, which includes the creation of 25,000 new homes.

CONSTRUCTION OUTPUT – GREATER LONDON (£ MILLION, 2019 PRICES)

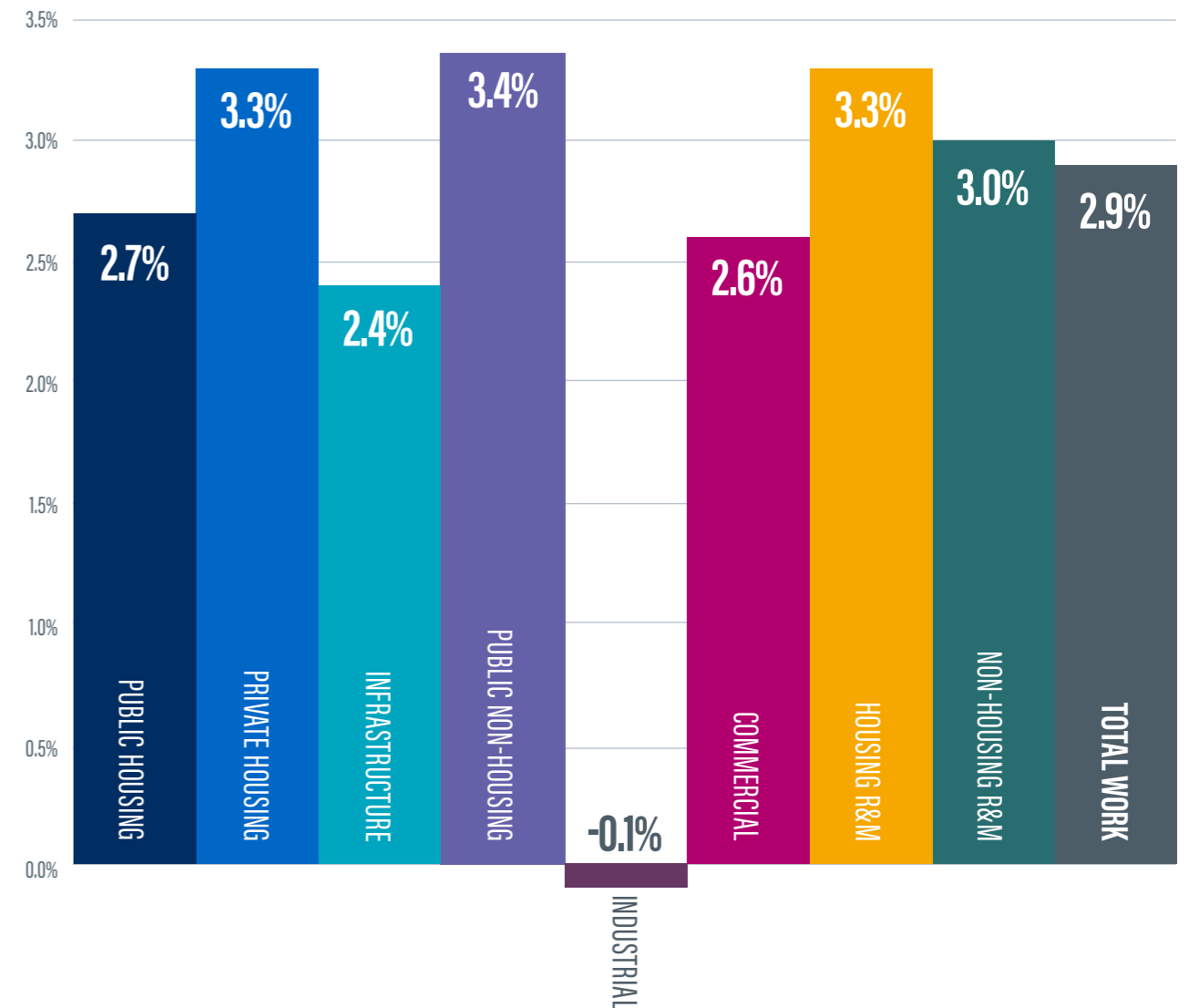
FIGURE 3

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE	
		2023	2024	2025	2026	2027		2028
Public housing	1,642	0.8%	3.1%	3.3%	3.3%	3.3%	3.2%	2.7%
Private housing	9,072	-5.3%	11.6%	3.4%	3.9%	3.4%	3.4%	3.3%
Infrastructure	6,241	-2.1%	3.6%	4.1%	3.5%	3.2%	3.2%	2.4%
Public non-housing	1,019	4.7%	4.3%	3.0%	2.6%	2.3%	2.3%	3.4%
Industrial	267	-7.0%	1.5%	2.2%	1.7%	1.3%	1.3%	-0.1%
Commercial	7,963	2.1%	2.7%	2.6%	2.8%	2.8%	2.8%	2.6%
New work	26,204	-1.5%	5.9%	3.3%	3.3%	3.1%	3.1%	2.8%
Housing R&M	6,578	3.0%	4.7%	3.2%	3.0%	2.9%	2.9%	3.3%
Non-housing R&M	4,730	6.3%	2.5%	2.4%	1.9%	1.8%	1.8%	3.0%
Total R&M	11,308	4.4%	3.8%	2.8%	2.5%	2.5%	2.5%	3.2%
Total work	37,512	0.2%	5.3%	3.2%	3.1%	2.9%	2.9%	2.9%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028
GREATER LONDON

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

FIGURE 4



WORKFORCE FORECAST²

▲ Average annual increase of construction workforce: **0.8%**

The level of output growth in Greater London gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%.

We forecast that the 2023 workforce of 410,770 in the region will decrease slightly to 402,260 in 2024 before increasing to reach 426,760 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 — GREATER LONDON	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	51,520	49,620	50,880
Construction project managers	16,940	16,140	19,130
Non-construction professional and technical office based staff	60,310	57,760	62,090
Other non-construction office-based staff	25,610	25,310	27,270
Construction trades supervisors	11,240	10,460	10,500
Carpenters and joiners	17,320	17,930	20,130
Bricklayers and masons	6,090	5,950	5,990
Other construction and building trades	37,740	36,930	38,410
Painters and decorators	11,490	11,150	11,870
Plasterers	4,160	4,360	5,200
Roofers	2,960	2,970	3,340
Floorers and wall tilers	4,000	3,980	4,240
Glaziers and window trades	1,720	1,690	1,850
Scaffolders	4,780	4,350	4,220
Plant operatives	4,400	4,570	4,950
Plant mechanics/fitters	3,180	3,170	3,490
Steel erectors and metal workers	790	790	790
Labourers	21,140	21,330	23,340
Groundworkers	2,580	2,650	2,930
Electrical installation trades	20,030	20,590	22,520
Plumbing and HVAC trades	18,180	17,650	18,710
Logistics	4,610	4,350	4,380
Road and rail construction operatives	2,840	2,940	3,430
Non-construction trades and operatives	5,350	5,310	5,770
Total (SIC 41-43)	338,980	331,950	355,430
Civil engineers	12,400	11,960	11,950
Other professionals and technical staff working in construction	35,510	34,470	34,590
Architects	12,940	13,270	14,100
Surveyors	10,950	10,630	10,690
Total (SIC 41-43, 71.1, 74.9)	410,770	402,260	426,760

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 Greater London is set to average

1.3% 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 5,250 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:

- Non-construction professional and technical office-based staff (1,070 per year)
- Other professionals and technical staff working in construction (800 per year)
- Surveyors (480 per year)

There will be pressure on occupations such as surveyors (4.4%), plant mechanics/fitters (3.1%) and roofers (2.7%) 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 — GREATER LONDON	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	0.7%	350
Construction project managers	0.9%	150
Non-construction professional and technical office based staff	1.8%	1,070
Other non-construction office-based staff	1.2%	320
Construction trades supervisors	1.4%	160
Carpenters and joiners	2.0%	350
Bricklayers and masons	1.5%	90
Other construction and building trades	0.4%	140
Painters and decorators	0.8%	90
Plasterers	-	-
Roofers	2.7%	80
Floorers and wall tilers	-	<50
Glaziers and window trades	-	<50
Scaffolders	-	<50
Plant operatives	2.3%	100
Plant mechanics/fitters	3.1%	100
Steel erectors and metal workers	-	<50
Labourers	0.3%	70
Groundworkers	-	<50
Electrical installation trades	1.3%	260
Plumbing and HVAC trades	0.8%	150
Logistics	1.3%	60
Road and rail construction operatives	2.1%	60
Non-construction trades and operatives	-	-
Civil engineers	1.3%	160
Other professionals and technical staff working in construction	2.3%	800
Architects	1.6%	210
Surveyors	4.4%	480
Total (SIC 41-43, 71.1, 74.9)	1.3%	5,250

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:

5,250 WORKERS PER YEAR

The current level of recruitment in the region's construction industry has been around 31,000 workers per year, while slightly more left, around 32,000 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 5,250 workers per year. This is important to understand because there are still construction vacancies in Greater London that need filling going into 2024.

Figure 7 shows that although construction job vacancies in Greater London have been slightly lower than the UK trend since late 2020, they are only now returning to around 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 meet what workers value the most 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.

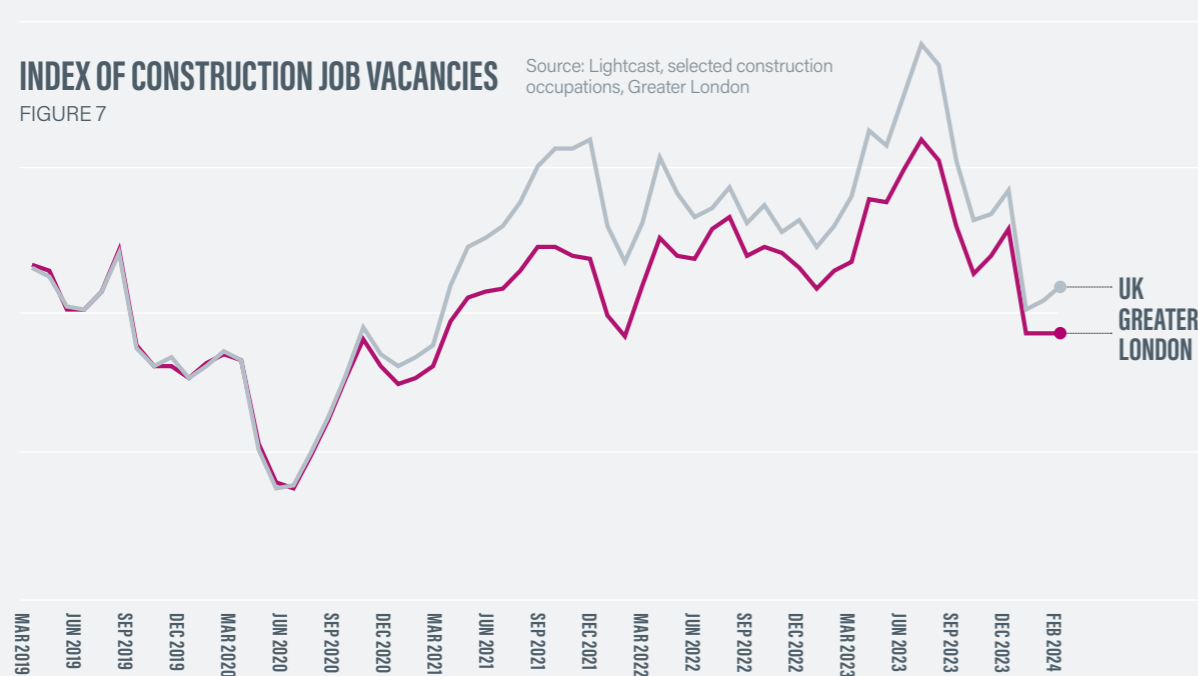
Training is an important aspect of staff development and recent trends are mixed for construction in Greater London. Figure 8 shows construction apprenticeship starts picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 39% up on 2020/21, and continuing to stay positive into 2022/23. Its likely that 2023/24 will see number of starts rise as half year numbers are up almost 5% compared to the same point in 2022/23. It should be noted that Greater London still has the lowest number of apprentices per worker across the English regions. ■

While increasing apprenticeship starts are encouraging for the region, the overall range of construction training achieved across England at Level 2 and above, is a different pattern. From 2014–2016 there was a decline in certificates issued, which then increased up from 2017–2019, with the main qualifications being related to plant operations, site carpentry

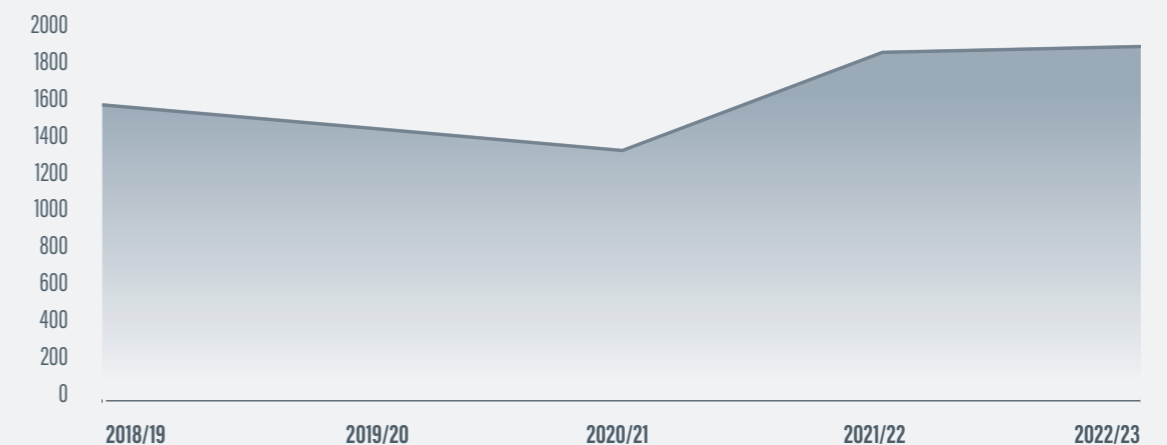
and brickwork. 2020 saw a reduction in the number of certificates being issued, which hasn't really increased (see Figure 9).

- 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.

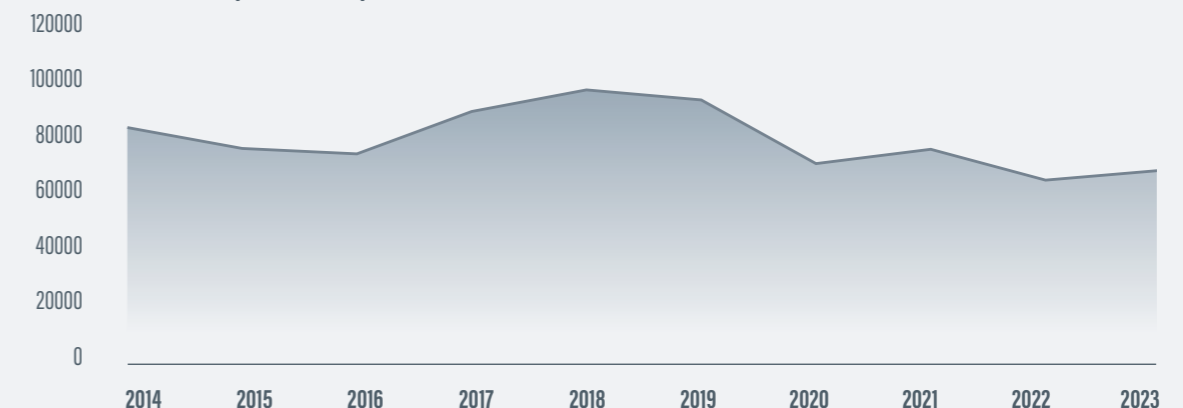
At a time when the construction industry needs additional workers, a drop in training being carried out will add to the challenges being faced by companies, and it is important for this to be addressed. ■



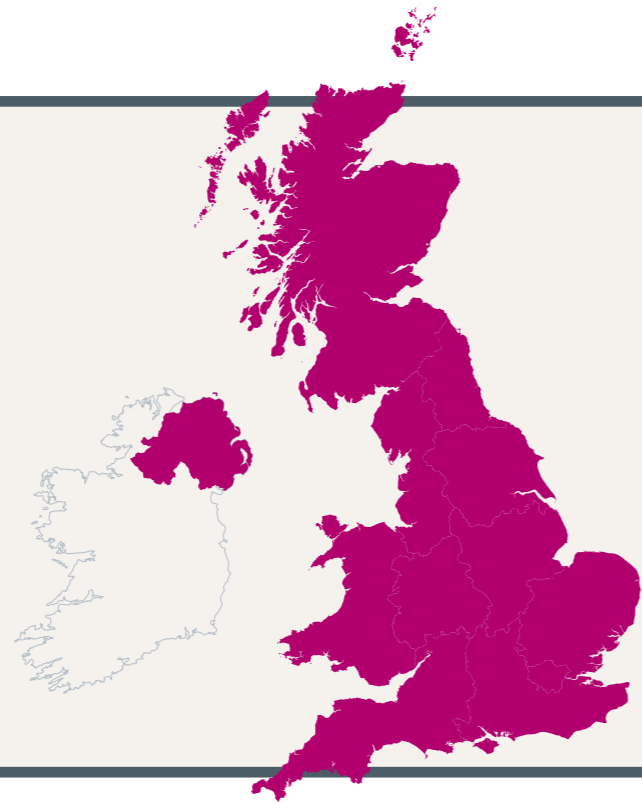
CONSTRUCTION APPRENTICESHIP STARTS IN GREATER LONDON, 2018/19–2022/23 FIGURE 8



CONSTRUCTION SECTOR QUALIFICATION CERTIFICATES ISSUED, LEVEL 2+, CERTIFICATES AND DIPLOMAS, EXCLUDING ELECTRICAL HEATING AND PLUMBING, ENGLAND, 2014–2023 FIGURE 9



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 GREATER LONDON



In Greater London CITB will prioritise:

- Onsite Experience Hubs:** The Skills Centre will continue working with CITB to provide a recruitment mechanism for London's construction companies by delivering employment and site ready individuals that match their needs. Through onsite hubs, individuals will receive introductory Health and Safety awareness training and be linked with actual employer vacancies. For more information, please contact: info@theskillscentre.co.uk
- Tasters:** CITB will work with employers to facilitate taster sessions and increase the visibility of the construction industry. If you are interested in this opportunity, please email carl.licorish@citb.co.uk or anthony.frayne@citb.co.uk
- Local Skills Improvement Plans (LSIP):** CITB will continue to support the employer representative bodies delivering London's LSIP for construction skills. To increase collaboration, CITB will identify opportunities to support the implementation of the plan and encourage, where necessary, participation by its registered businesses.

- Skills for a Sustainable Skyline Taskforce:** CITB will continue to work with collaborators to shape the work of this taskforce dedicated to decarbonising London's commercial built environment. To support the work of the taskforce, please contact: SkillsforaSustainableSkyline@cityoflondon.gov.uk

- Training groups:** Work with London's training groups such as the London Region Construction Training Group (LRCTG) which supports construction SMEs to fill skills gaps. The group helps to develop employers staff and their supply chains, bridging skills gaps through training and apprenticeship opportunities. Together with CITB, the groups promote the availability of financial support offered by CITB in the form of grants and funding.

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 Greater London 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 400,000 workers and contribute over £37bn worth of output from an industry that accounts for 11% of all businesses that employ people in the region. ■

^
Annually the construction industry will contribute over

£37bn
WORTH OF OUTPUT



GREATER LONDON

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