



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

SCOTLAND
2024–2028



KEY FACTS AND FIGURES



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

2.1%¹



The biggest gains in output will come from these sectors:

REPAIR & MAINTENANCE (R&M)

INFRASTRUCTURE



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



The occupations with the strongest additional recruitment requirement levels are:

Non-construction professional, technical, IT and other office-based staff
Labourers

Other professionals and technical staff working in construction

Main projects in Scotland include:

£91m

Clyde Waterfront & Renfrew Riverside which includes a new River Clyde Bridge

£250m

Dunfermline Learning Campus

SCOTLAND



The additional recruitment requirement in Scotland of 2.4% per year is higher than the UK value of 1.9% and means an extra 26,100 workers will be needed in the nation from 2024 to 2028. ■



UK MACROECONOMIC BACKDROP

Scotland has followed a similar pattern to UK, with the economic output decreasing towards the end of 2023. UK GDP in 2023 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). However, there are 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 Scotland has 13,050 employers, which is 14% of all employers in the nation.

Non-housing R&M:
21%

In 2023 the industry in Scotland is estimated to have total output of around £13.6bn which is structured as per Figure 1 (below).

The profile of the construction industry in Scotland is broadly similar to the UK, with only slight differences in the shares of the main sectors.

Non-housing R&M and infrastructure are the two main sectors, closely followed by housing R&M and private housing. Scotland has slightly more industrial output and less commercial than the UK. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 SCOTLAND

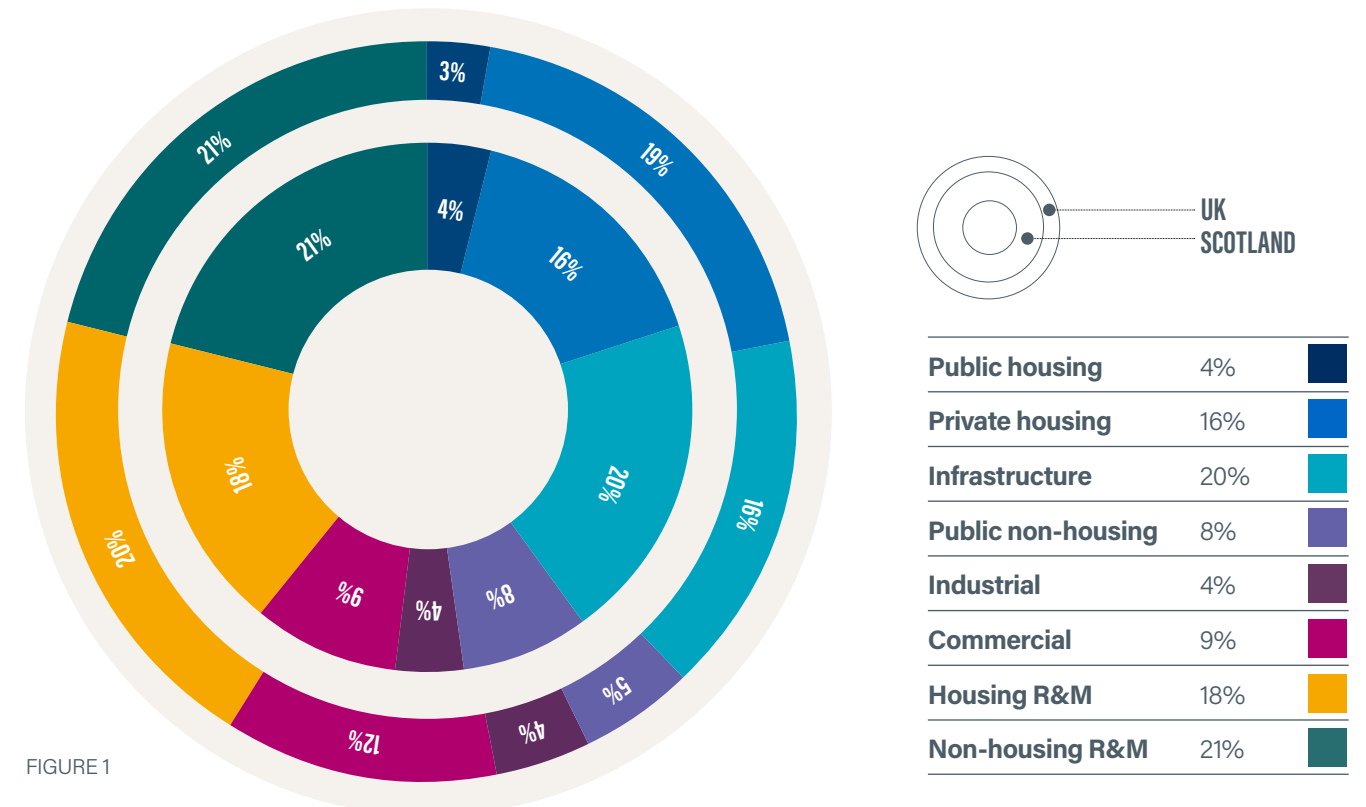


FIGURE 1

2023 VIEW

Total annual
output 2023: 
£13.6bn



Growth going
into 2024: 
0.5%

Unlike the UK, construction output dropped in Scotland during 2022 and it has continued to drop into 2023. While UK output increased by 2% in 2023, Scotland's construction output dropped by -4%, ending the year at £13.6bn. 

This decline in output was focused on new work as economic conditions impact the private housing, commercial and public non-housing sectors, there was also a drop in infrastructure work. 

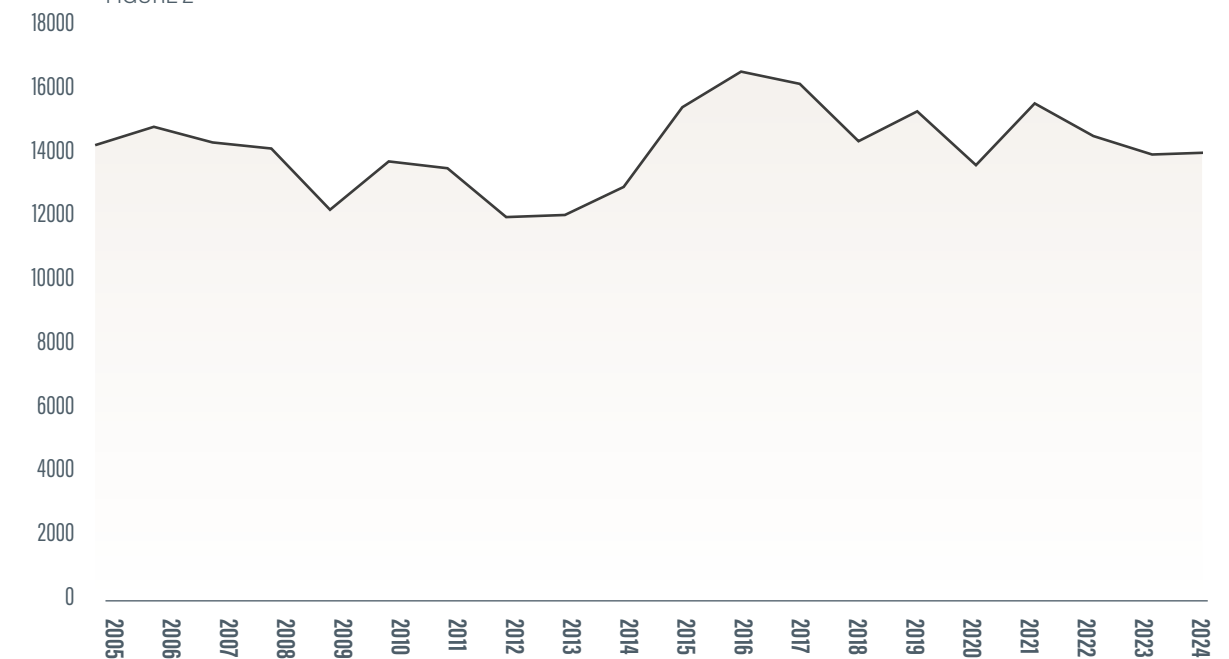
There were gains in the R&M, public non-housing and industrial sectors, which helped prevent output from dropping further. 

Going into 2024, we don't expect output in Scotland to drop further, with slight growth of 0.5%, although conditions will remain challenging for private housing. 

CONSTRUCTION OUTPUT (£M) 2005–2024 SCOTLAND

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

FIGURE 2



OUTPUT FORECAST 2024–2028

Scotland has an average annual output growth rate of 2.1%, which is just below the UK rate of 2.4%. Over the forecast we are expecting R&M to have a slightly better growth rate than new work, with their profiles being 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 (3.0%) and non-housing R&M (2.6%), with

non-housing R&M generating the main gains in output, with an increase of £400m in value over the next five years.

While 2024 is likely to be another tough year for private housing output, we are expecting work to pick up from 2025 and all sectors will see output increase over the next five years. ■

FORECAST

There are a number of significant projects driving the forecast in Scotland with investments being supported by City Region Deals, Regional Growth Deals and Green Freeports.



Scottish Gas Networks:

£200m



Clyde Waterfront & Renfrew Riverside:

£91m

Infrastructure activity continues to make a large contribution with multiple projects ranging from a proposed debris flow shelter for the A83 at Rest & Be Thankful, to the £25m project to develop a hydrogen demonstration network in Fife, and £200m towards Scottish Gas Networks mains replacement. Work for the £91m Clyde Waterfront & Renfrew Riverside project is well underway,

which includes a new River Clyde Bridge and is part of the Glasgow City Region Deal.

For private housing, the re-development of a key site on Leith Walk in Edinburgh began in July 2022. The first phase will see the construction of 110 build-to-rent apartments which are due to be completed by spring of 2024.

The Dunfermline Learning Campus worth over £250m is due to complete

in August 2024, a 58-acre purpose-built low carbon site in the eastern expansion area of Dunfermline. The build is part of the proposed construction plan with the new Fife College that has been underway since January 2023.

Contracts have been signed for the new HMP Highland prison at Inverness, which will be Scotland's first net-zero prison and expected to be completed by 2026. ■

CONSTRUCTION OUTPUT – SCOTLAND (£ MILLION, 2019 PRICES)

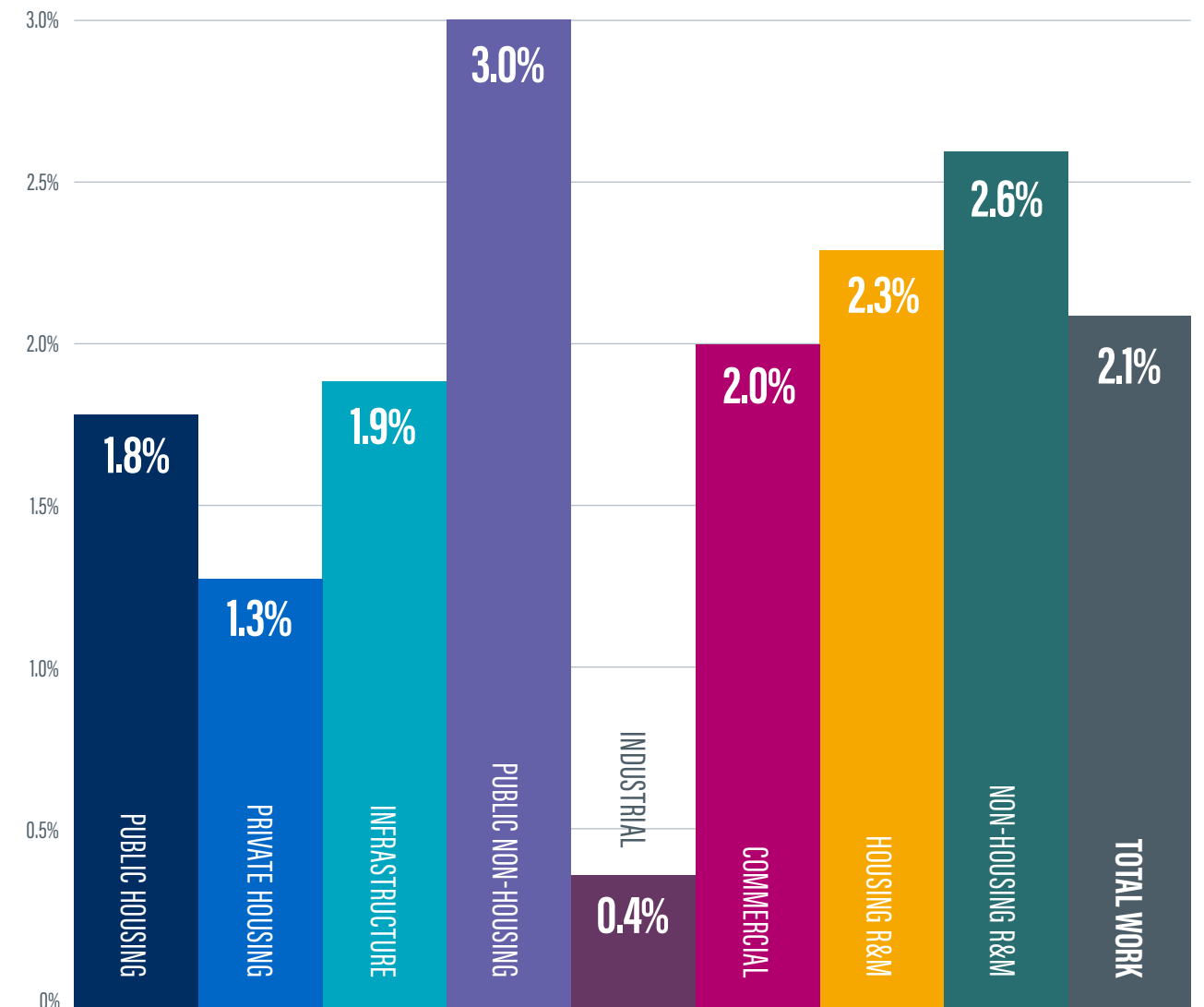
FIGURE 3

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
		2023	2024	2025	2026	2027	
Public housing	583	0.0%	2.4%	2.3%	2.3%	2.2%	1.8%
Private housing	2,184	-7.1%	9.5%	1.7%	1.5%	1.4%	1.3%
Infrastructure	2,755	-1.2%	2.8%	3.2%	2.6%	2.3%	1.9%
Public non-housing	1,010	3.1%	4.3%	3.0%	2.6%	2.3%	3.0%
Industrial	516	-4.8%	1.6%	2.2%	1.8%	1.4%	0.4%
Commercial	1,195	1.1%	2.4%	2.4%	2.1%	2.1%	2.0%
New work	8,244	-2.0%	4.5%	2.6%	2.2%	2.0%	1.8%
Housing R&M	2,454	3.2%	3.4%	1.9%	1.6%	1.5%	2.3%
Non-housing R&M	2,854	5.3%	2.0%	2.4%	1.8%	1.7%	2.6%
Total R&M	5,308	4.4%	2.7%	2.2%	1.7%	1.6%	2.5%
Total work	13,551	0.5%	3.7%	2.4%	2.0%	1.8%	2.1%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024–2028 SCOTLAND

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

FIGURE 4



WORKFORCE FORECAST²

Average annual increase of construction workforce: **0.3%**

The level of output growth in Scotland gives an annual average increase of 0.3% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 213,080 in the nation will decrease slightly to 208,490 in 2024 before increasing to reach 216,090 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 – SCOTLAND	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	18,990	18,450	19,170
Construction project managers	4,460	4,340	4,560
Non-construction professional and technical office based staff	19,330	17,970	17,510
Other non-construction office-based staff	22,690	21,580	22,530
Construction trades supervisors	4,640	4,750	4,960
Carpenters and joiners	19,450	19,960	22,020
Bricklayers and masons	4,830	4,670	4,640
Other construction and building trades	4,560	4,570	4,870
Painters and decorators	4,050	4,050	4,330
Plasterers	3,300	3,280	3,510
Roofers	5,170	4,910	4,940
Floorers and wall tilers	3,460	3,290	3,190
Glaziers and window trades	800	800	860
Scaffolders	2,820	2,730	2,750
Plant operatives	4,760	4,950	5,540
Plant mechanics/fitters	3,990	3,890	3,840
Steel erectors and metal workers	2,490	2,540	2,750
Labourers	12,060	11,800	11,890
Groundworkers	3,280	3,130	3,100
Electrical installation trades	15,930	15,140	15,150
Plumbing and HVAC trades	6,970	7,210	7,850
Logistics	3,060	3,170	3,500
Road and rail construction operatives	3,660	3,580	3,620
Non-construction trades and operatives	3,670	3,530	3,580
Total (SIC 41-43)	178,420	174,290	180,660
Civil engineers	4,420	4,210	4,350
Other professionals and technical staff working in construction	20,340	20,450	21,440
Architects	2,850	2,700	2,780
Surveyors	7,040	6,830	6,880
Total (SIC 41–43, 71.1, 74.9)	213,080	208,490	216,090

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 Scotland is set to average

2.4% 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 the equivalent of 5,220 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, technical, IT and other office-based staff (1,440 per year)
- Labourers (920 per year)
- Other professionals and technical staff working in construction (540 per year)

There will also be pressure on occupations such as civil engineers (8.4%), architects (6.3%) and roofers (3.1%) 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 – SCOTLAND	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	0.4%	80
Construction project managers	-	<50
Non-construction professional and technical office based staff	7.4%	1,440
Other non-construction office-based staff	2.1%	480
Construction trades supervisors	-	-
Carpenters and joiners	-	-
Bricklayers and masons	1.7%	80
Other construction and building trades	-	<50
Painters and decorators	-	-
Plasterers	-	-
Roofers	3.1%	160
Floorers and wall tilers	-	<50
Glaziers and window trades	-	<50
Scaffolders	2.5%	70
Plant operatives	-	<50
Plant mechanics/fitters	1.5%	60
Steel erectors and metal workers	-	-
Labourers	7.6%	920
Groundworkers	2.4%	80
Electrical installation trades	3.0%	480
Plumbing and HVAC trades	-	<50
Logistics	2.0%	60
Road and rail construction operatives	-	<50
Non-construction trades and operatives	1.4%	50
Civil engineers	8.4%	370
Other professionals and technical staff working in construction	2.7%	540
Architects	6.3%	180
Surveyors	2.4%	170
Total (SIC 41–43, 71.1, 74.9)	2.4%	5,220

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:

5,220 WORKERS PER YEAR

The current level of recruitment in Scotland's construction industry has been around 16,000 workers joining, with slightly more leaving each year. This gives an outflow of workers, which explains why the workforce levels have dropped and additional recruitment is needed.

For the industry to meet expected demand in the region, the forecast shows that recruitment would have to increase by the equivalent of 5,220 workers per year. This is important to understand because there is a still a relatively high level of construction vacancies in Scotland that need filling going into 2024.

Figure 7 shows how construction job vacancies in Scotland have remained above the UK trend in recent months, and they are still above 2019 (pre-covid) 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 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.

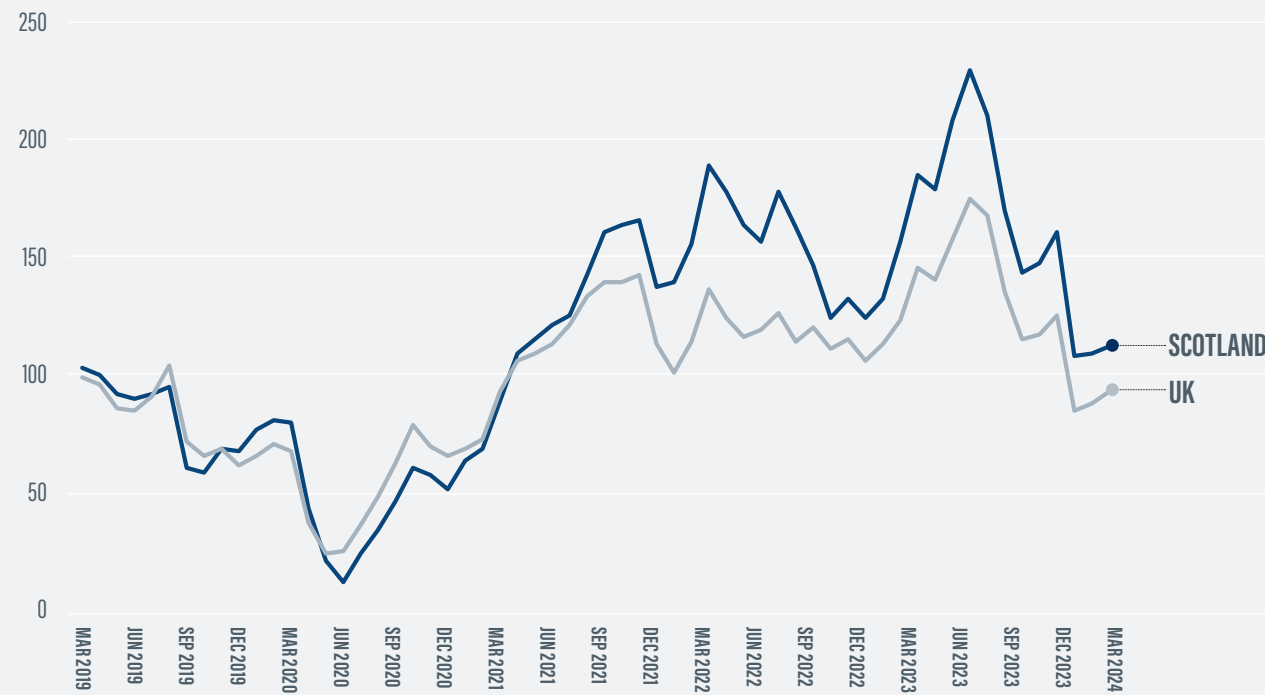
Training is an important aspect of staff development and recent trends are positive for construction.

Apprenticeships picked up strongly after Covid-19 lockdown, and in 2022/23 there were 6,623 construction and related Modern Apprenticeship starts in Scotland. While England saw a drop in starts, Scotland has seen them stay similar to the previous year as shown by Figure 8.

At a time when the construction industry needs additional workers this gives a pipeline of people that can be developed, although as the report shows, more is needed for the construction industry to have the workforce to meet future demand. ■

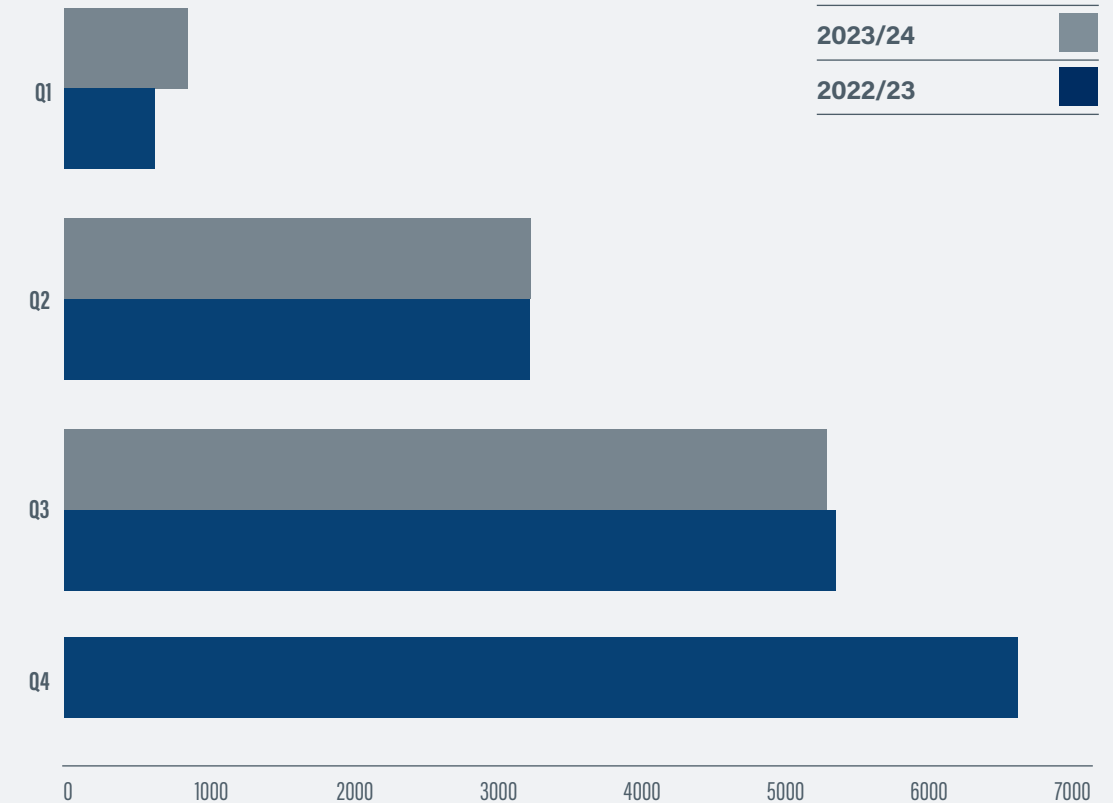
INDEX OF CONSTRUCTION JOB VACANCIES FIGURE 7

Source: Lightcast, selected construction occupations, Scotland

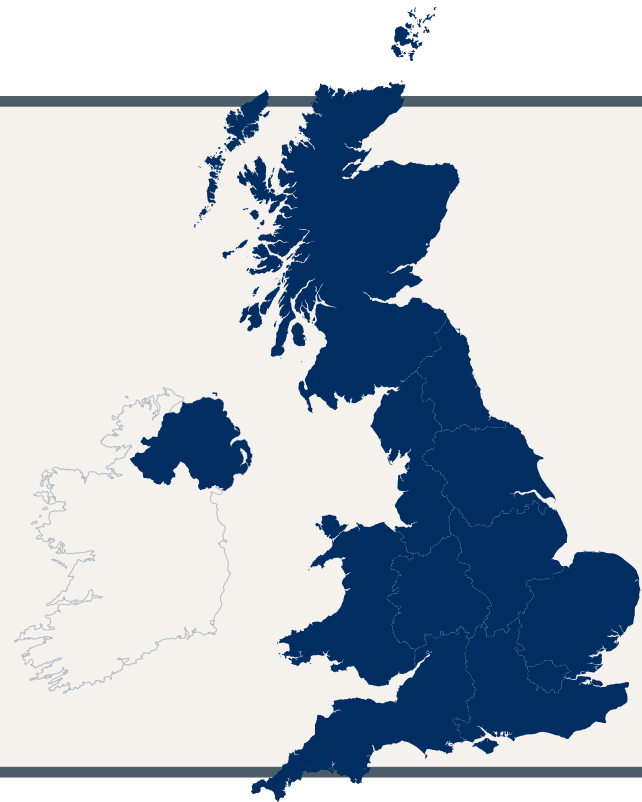


MODERN APPRENTICESHIPS SCOTLAND, CONSTRUCTION AND RELATED SECTOR SUBJECT AREA STARTS 2022/23 - 2023/24 FIGURE 8

Source: Skills Development Scotland



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.

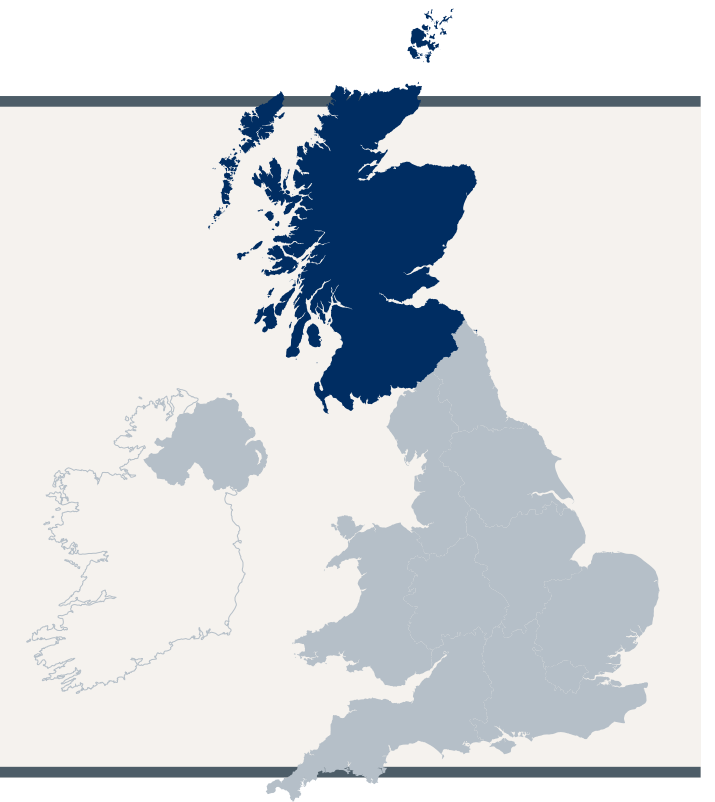
■ **Support the industry to train and develop its workforce:**

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 SCOTLAND



In Scotland CITB will support the industry by:

■ **Attracting new entrants into construction**

with £30m investment into apprenticeships, linking Go Construct through to My World of Work, increasing the number of SkillBuild competitors, and increasing awareness of Fairness, Inclusion and Respect (FIR) initiatives. CITB will also promote and train Construction STEM Ambassadors with employers, who can be the voice of industry and support Taster activity to help the recruitment of new workers.

■ **Ensuring training delivers the skills that are needed by**

clearly setting out the routes to competence for construction workers, putting clear agreed industry standards in place, and reviewing apprenticeships so that they continue to deliver the skilled workers that are needed.

■ **Putting the right training in place**

by investing in NCC Inchinnan, establishing a network of recognised training providers, improving the quality of leadership and management training across construction, and establishing Employer Networks to support construction companies to train.

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 Scotland 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 210,000 workers and contribute £14bn worth of output from an industry that accounts for 14% of all businesses that employ people in the region. ■

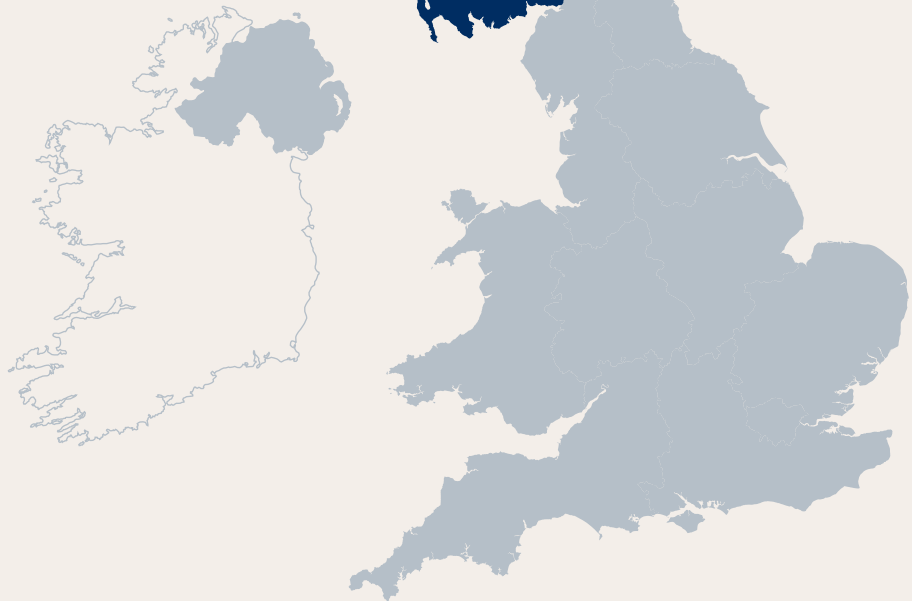


Annually the construction industry will contribute over

£14bn
WORTH OF OUTPUT



SCOTLAND



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Cover image: Squiggly Bridge
at dusk in Glasgow, Scotland, UK