



CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET
INTELLIGENCE REPORT

—
WALES
2024-2028



KEY FACTS AND FIGURES



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

1.2%

¹

The biggest gains in output will come from these sectors:

REPAIR & MAINTENANCE

PUBLIC NON-HOUSING

PRIVATE HOUSING



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



The occupations with the strongest additional recruitment requirement levels are:

Electrical installation trades

Bricklayers and masons

Directors, executives and senior managers

Main projects in Wales include:

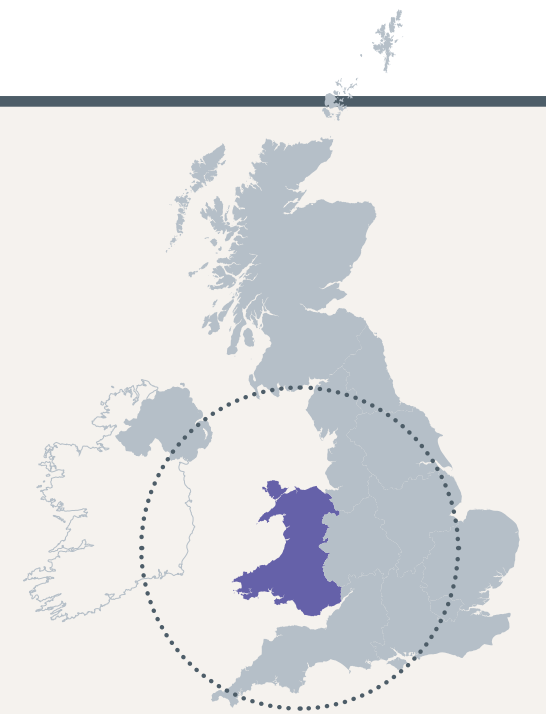
£590m

Dowlais Top to Hirwaun section of the A465 Heads of the Valley Road

£360m

Cardiff's Embankment site regeneration

WALES



The additional recruitment requirement in Wales of 1.9% per year is the same as the UK and means the equivalent of an extra 11,000 workers will be needed in the nation 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 Wales has 8,230 employers, which is 14% of all employers in the nation.

Infrastructure sector:

34%

In 2023 the industry in Wales is estimated to have total output of around £7.8bn which is structured as per Figure 1 (below).

The profile of the construction industry in Wales shows one significant difference, which is the share of infrastructure work. At 34% in 2023 for Wales, this is far higher than the UK figure of 16%, and it is also far higher than the level of output seen in

Wales in previous years, in 2020 and 2021 it was around 8% of total output. After infrastructure, private housing, housing R&M and non-housing R&M are the next biggest work sectors, with each accounting for between 13%–14% of total output. ■

CONSTRUCTION INDUSTRY STRUCTURE 2023 WALES

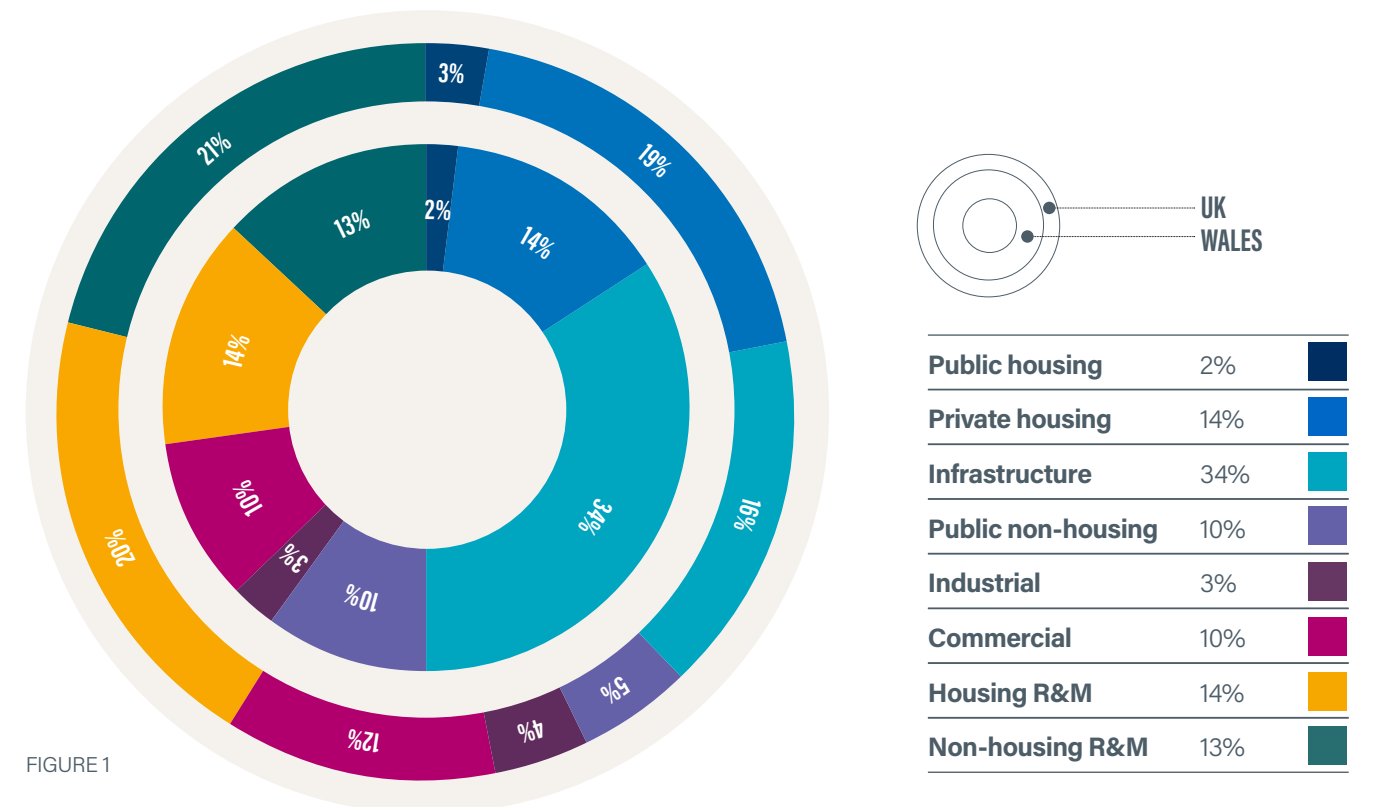





FIGURE 1

2023 VIEW


Total annual output 2023: 
£7.8bn




Total annual output increase of: 
28%

The figures for Wales in 2023 are strange. Total output has jumped from £6.1bn in 2022, to £7.8bn in 2023, an increase of 28%, compared to the UK growth of 2%. The increase in output is mostly due to one sector – infrastructure. 

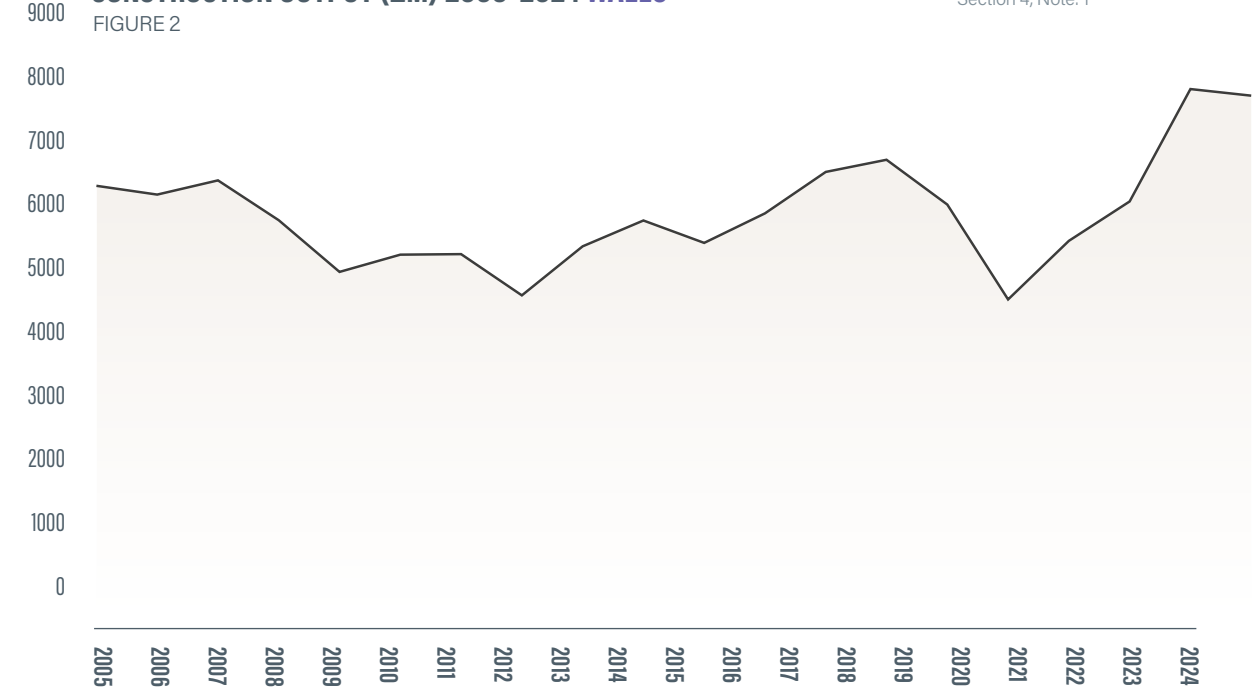
Between 2022 and 2023, infrastructure output in Wales increased from £1bn to over £2.6bn, a jump of 165%, and accounted for 34% of total Welsh construction output. 

In the last 20 years, infrastructure output has risen to around 30% of work in Wales between 2016–2018, when there were major programmes of road and rail work being carried out. What makes the 2023 figures confusing is the lack of easily identifiable projects of the same scale happening in Wales that would generate this level of output. CITB will continue to review the forecast for Wales and update when we see developments in the data. 

If we set aside infrastructure, construction output in Wales between 2022 and 2023 would have increased by 1%, which is much more in line with the UK figure. While the UK growth was due to R&M work increasing, in Wales it was more new work, with gains in the commercial and public non-housing sectors. 

Going into 2024, we expect output in Wales to slow down, with a decline of around 1% as new work sectors see a slight decline. 

CONSTRUCTION OUTPUT (£M) 2005-2024 WALES



OUTPUT FORECAST 2024-2028

Wales has an average annual output growth rate of 1.2%, which is lower than the UK rate of 2.4%. Over the forecast we are expecting R&M to have slightly better growth rates than new work, although the yearly profiles are also slightly different. New work is expected to dip in 2024, before picking

back up in 2025, whereas R&M will see growth in 2024 before slowing down over the forecast. This is like the pattern we expect to see across the UK.

The sectors with the highest growth rates are public non-housing (2.5%) and public housing (2.4%), and we're not expecting further growth for

infrastructure (-0.5%). In terms of sectors that will contribute gains in the actual value of work, that's quite even with private housing, public non-housing, housing R&M and non-housing R&M all set to increase by around £100m–£120m over the next five years ■

FORECAST

There are a number of projects driving the forecast in the nation.

The Awely Môr wind farm project off the coast of Llandudno.

The project includes 50 turbines which should generate 500MW of electricity, enough to power 500,000 homes, by 2030.



Average growth rate for Wales:

1.2%



Cardiff's Embankment site regeneration:

£360m

Work on the £590m Dowlais Top to Hirwaun section of the A465 Heads of the Valley Road will run through to mid-2025. Main construction on the £60m A40 Llanddewi Velfrey to Redstone Cross improvements saw the first section completed in June 2023 with work expected to finish in autumn. A preferred route for the £50m Llandeilo bypass was announced by the Welsh government in February 2024 although construction is not expected to begin until 2025.

Cardiff Council has approved proposals for the £360m Embankment site, 47 acres of brownfield land to the south of the city, to be regenerated to provide 2,500 homes alongside 54,000 square metres of business space and opportunities for leisure, hospitality and retail facilities.

The public sector renewal framework in North Wales worth £600m is currently accepting bids from companies until October, which will cover projects starting in June of this year through to 2028.

One of the biggest potential projects is the £1.7bn Blue Eden on Swansea's waterfront, based around a newly designed tidal lagoon, featuring state-of-the-art underwater turbines generating 320MW of renewable energy. ■

CONSTRUCTION OUTPUT – WALES (£ MILLION, 2019 PRICES)

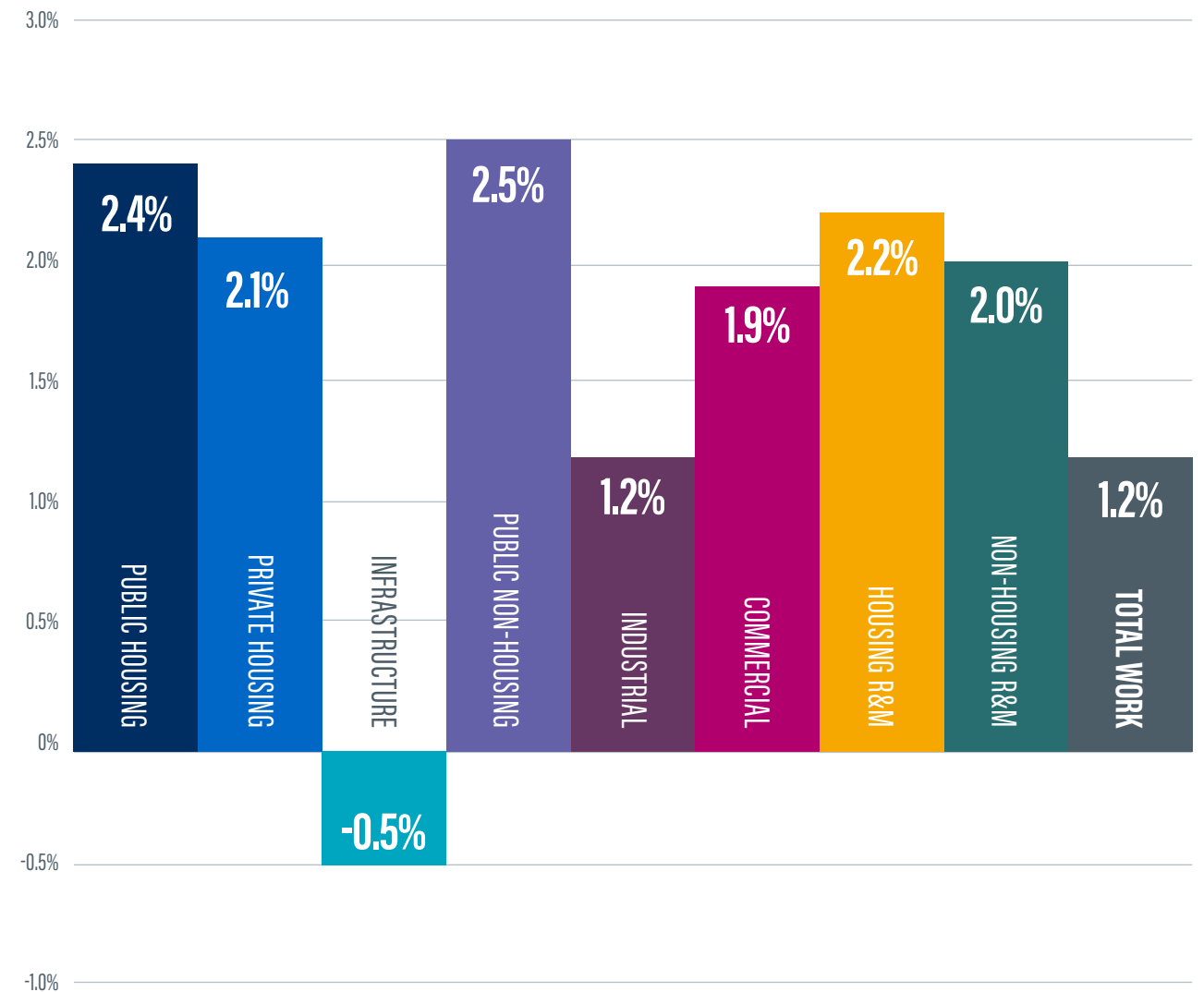
FIGURE 3

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
		2023	2024	2025	2026	2027	
Public housing	158	0.3%	3.1%	3.3%	2.8%	2.7%	2.4%
Private housing	1,102	-5.9%	10.5%	2.3%	2.2%	2.1%	2.1%
Infrastructure	2,654	-4.8%	-0.2%	0.0%	1.2%	1.4%	-0.5%
Public non-housing	814	1.2%	3.4%	3.0%	2.6%	2.3%	2.5%
Industrial	202	-4.8%	2.6%	3.2%	2.8%	2.4%	1.2%
Commercial	752	1.1%	2.4%	2.0%	2.0%	1.7%	1.9%
New work	5,683	-3.2%	2.9%	1.4%	1.8%	1.8%	0.9%
Housing R&M	1,091	3.0%	1.7%	2.2%	2.0%	1.9%	2.2%
Non-housing R&M	1,027	4.9%	0.5%	1.4%	1.6%	1.5%	2.0%
Total R&M	2,119	4.0%	1.1%	1.8%	1.8%	1.7%	2.1%
Total work	7,801	-1.3%	2.4%	1.5%	1.8%	1.8%	1.2%

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024-2028

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

WALES
FIGURE 4



WORKFORCE FORECAST²

Average annual increase of construction workforce: **0.5%**

The level of output growth in Wales gives an annual average increase of 0.5% in the construction workforce, which is slightly lower than the UK figure of 0.6%.

We forecast that the 2023 workforce of 118,250 in the nation will decrease slightly to 116,520 in 2024 before increasing to reach 120,960 by 2028. For the UK, we're also forecasting a reduction in the workforce in 2024³, picking back up to 2028.

FIGURE 5

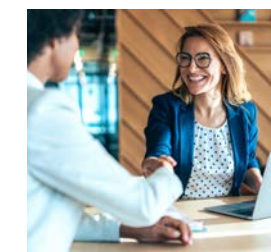
TOTAL EMPLOYMENT BY OCCUPATION - WALES	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	12,010	11,340	10,810
Construction project managers	1,240	1,210	1,300
Non-construction professional and technical office based staff	10,070	9,960	10,400
Other non-construction office-based staff	6,570	6,940	8,010
Construction trades supervisors	2,670	2,610	2,760
Carpenters and joiners	7,130	7,360	8,170
Bricklayers and masons	2,920	2,920	3,300
Other construction and building trades	10,020	9,820	9,970
Painters and decorators	3,690	3,260	3,470
Plasterers	3,970	3,860	4,190
Roofers	1,890	1,880	2,040
Floorers and wall tilers	1,450	1,490	1,660
Glaziers and window trades	670	600	620
Scaffolders	2,030	2,060	2,130
Plant operatives	1,900	1,850	1,890
Plant mechanics/fitters	1,330	1,360	1,460
Steel erectors and metal workers	590	600	630
Labourers	6,550	6,320	6,380
Groundworkers	1,760	1,660	1,620
Electrical installation trades	9,580	9,020	8,800
Plumbing and HVAC trades	7,550	7,600	8,150
Logistics	2,090	2,090	2,270
Road and rail construction operatives	2,080	2,010	1,960
Non-construction trades and operatives	1,120	1,100	1,100
Total (SIC 41-43)	100,880	98,920	103,090
Civil engineers	2,430	2,410	2,540
Other professionals and technical staff working in construction	10,770	10,370	10,450
Architects	820	920	910
Surveyors	3,370	3,870	3,980
Total (SIC 41-43, 71.1, 74.9)	118,250	116,520	120,960

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 Wales is set to average

1.9% PER YEAR

based on 2023 workforce levels, which is the same as the UK. This means the construction industry would have to increase current recruitment by the equivalent of 2,200 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:

- Electrical installation trades (350 per year)
- Bricklayers and masons (290 per year)
- Directors, executives and senior managers (290 per year)

There will be pressure on occupations such as bricklayers and masons (9.9%), architects (9.8%), roofers (8.0%) and labourers (4.0%) 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 - WALES	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	2.4%	290
Construction project managers	-	<50
Non-construction professional and technical office based staff	2.6%	260
Other non-construction office-based staff	-	-
Construction trades supervisors	-	-
Carpenters and joiners	-	-
Bricklayers and masons	9.9%	290
Other construction and building trades	1.4%	140
Painters and decorators	-	<50
Plasterers	-	-
Roofers	8.0%	150
Floorers and wall tilers	-	<50
Glaziers and window trades	-	<50
Scaffolders	-	-
Plant operatives	3.2%	60
Plant mechanics/fitters	-	-
Steel erectors and metal workers	-	<50
Labourers	4.0%	260
Groundworkers	-	-
Electrical installation trades	3.7%	350
Plumbing and HVAC trades	1.5%	110
Logistics	2.9%	60
Road and rail construction operatives	2.9%	60
Non-construction trades and operatives	-	<50
Civil engineers	3.7%	90
Other professionals and technical staff working in construction	-	-
Architects	9.8%	80
Surveyors	-	<50
Total (SIC 41-43, 71.1, 74.9)	1.9%	2,200

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:

2,200 WORKERS PER YEAR

The current level of recruitment in the Welsh construction industry has been around 8,900 workers per year, while slightly more have left each year, around 9,200. This gives a slight outflow of workers and helps to explain why the workforce levels are set to dip in 2024.

For the industry to meet expected demand in the nation, the forecast shows that recruitment would have to increase by the equivalent of 2,200 workers per year. This is important to understand because there are still construction vacancies in Wales that need filling going into 2024.

Figure 7 shows how construction job vacancies in Wales have remained above the UK trend over the last two years, and they are still above pre-covid (2019) levels of vacancies.

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 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.

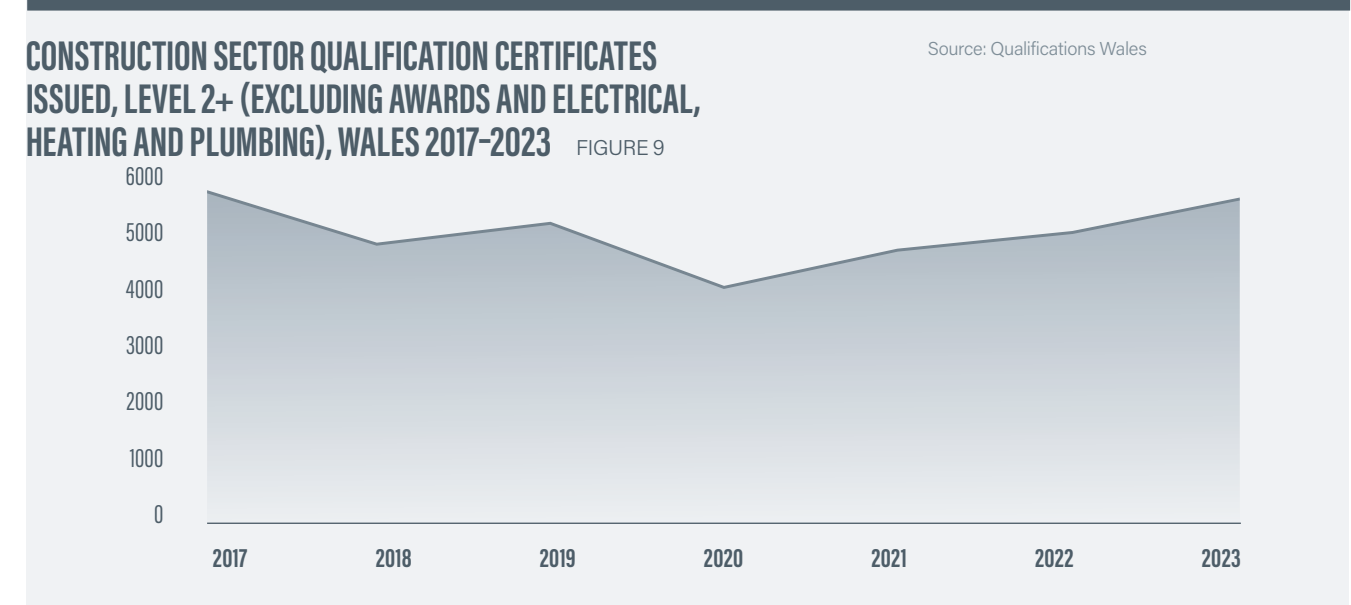
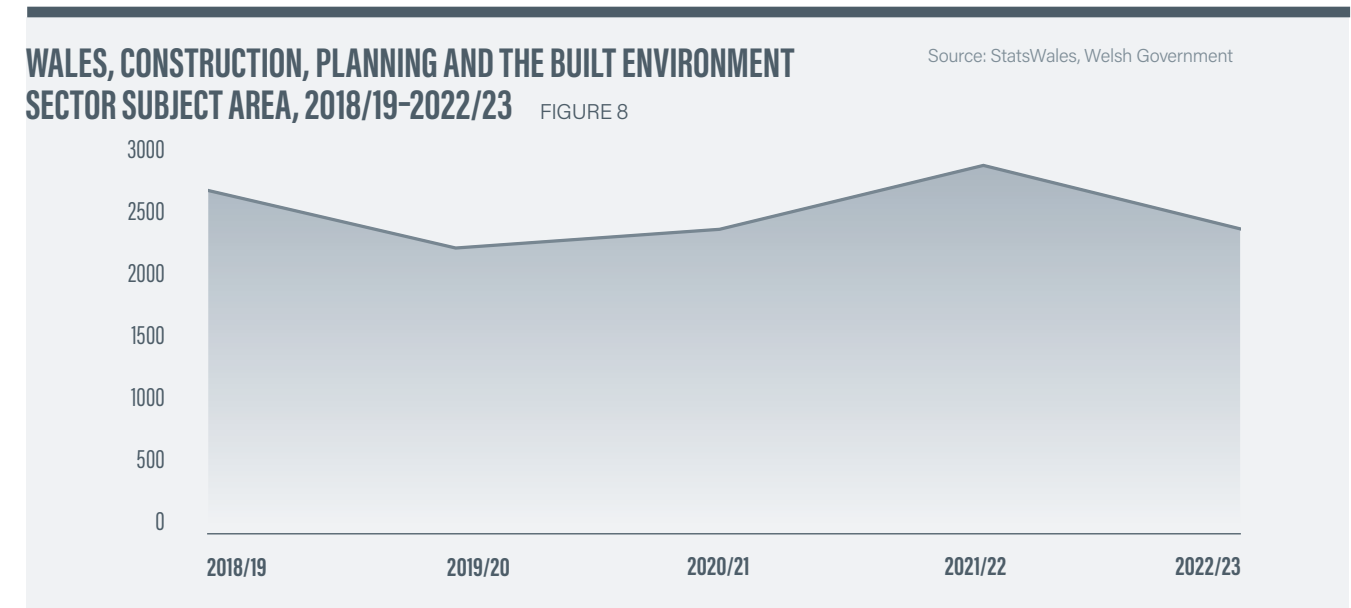
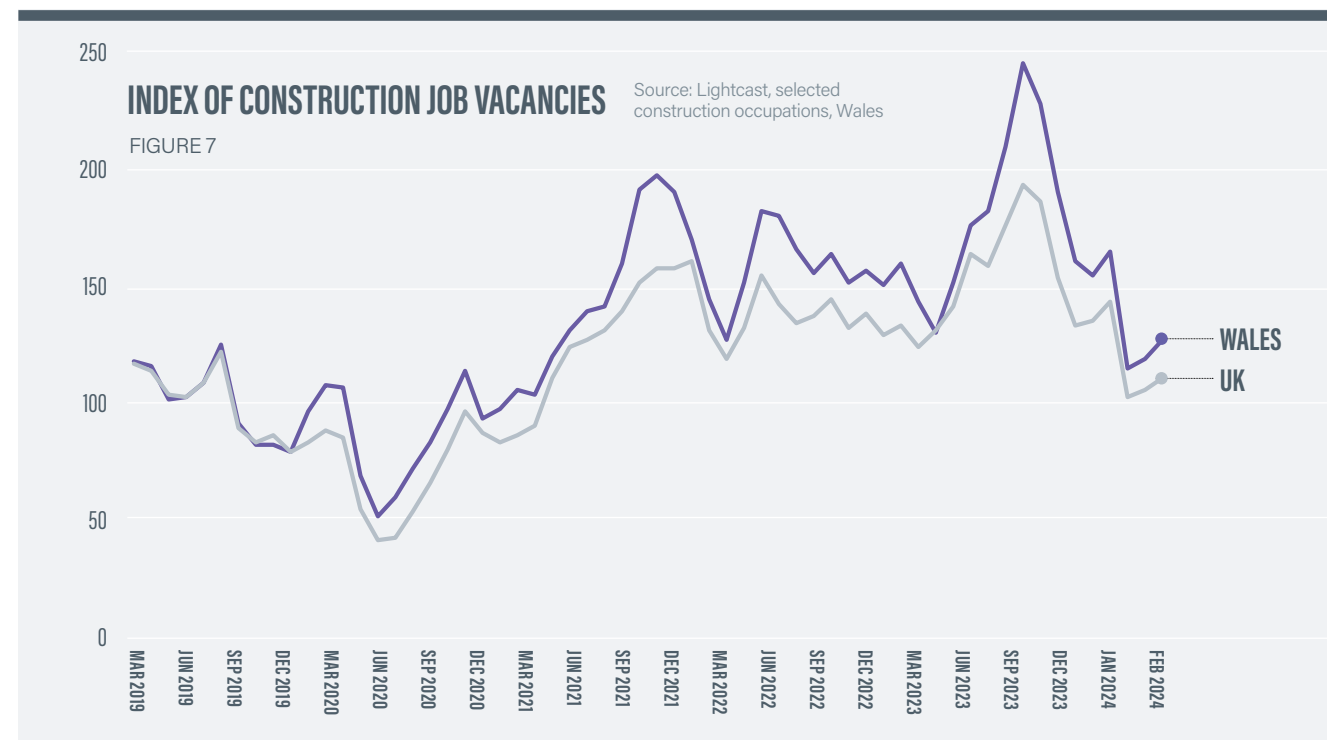
Training is an important aspect of staff development and recent trends aren't positive for construction.

Figure 8 shows construction apprenticeship starts in Wales picking up strongly after Covid-19 lockdown, ending the 2021/22 academic year 22% up on 2020/21, however, they dropped in 2022/23 by 18%. While data for the 2023/24 academic year hasn't yet been published, interim data from England is pointing to a further drop in starts, down about 5% compared to the same point in 2022/23. ■

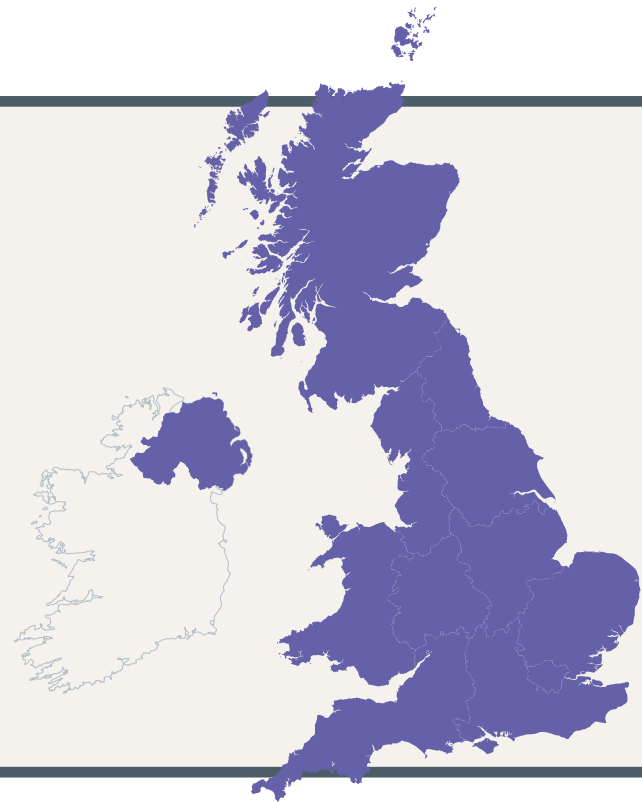
Looking at the range of construction training achieved across Wales at Level 2 and above, highlights a different trend. In 2017 there were 5,675 certificates issued with the main volumes being related to carpentry, plant operations and brickwork.

Although the overall number of certificates issued in 2023 was at a similar level (5,510), the qualifications being achieved have changed. The main volume of certificates issued in 2023 were for the newly introduced Level 2 Foundation in Construction and Building Services Engineering, a total of 1,685 certificates in 2023.

At a time when the construction industry needs additional workers, the new qualification structure will hopefully support learners to successfully enter the industry. ■



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.

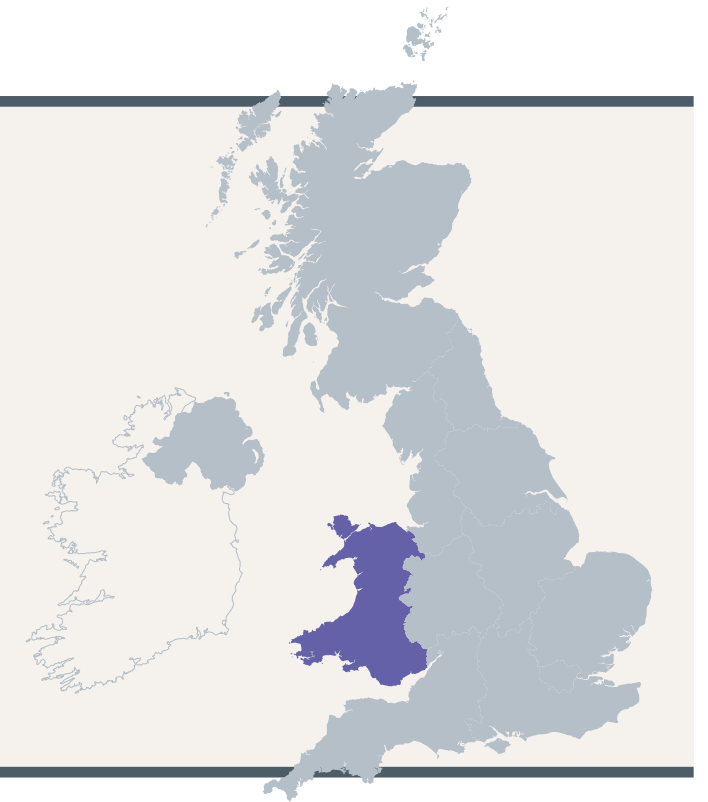
■ **Support the industry to train and develop its workforce:**

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 WALES



In Wales CITB will help attract new entrants to construction, by:

- Delivering See Your Site initiatives to young people
- Delivering Women into Construction events to girls in Years 7, 8 and 9
- Reaching 800 learners through National Apprenticeship Week events
- Growing the number of Go Construct STEM Ambassadors to promote the industry

CITB Wales will also ensure training delivers the skills needed, by:

- Developing new degree level apprenticeships
- Revising and developing training standards

And put the right training in the right place, by:

- Improving awareness of CITB grants and funding to support companies to train
- Delivering 20 niche apprenticeships, with apprenticeship provision for groundworks, roofing and floor laying
- Increasing the number of employers accessing training via Employer Networks and Training Groups

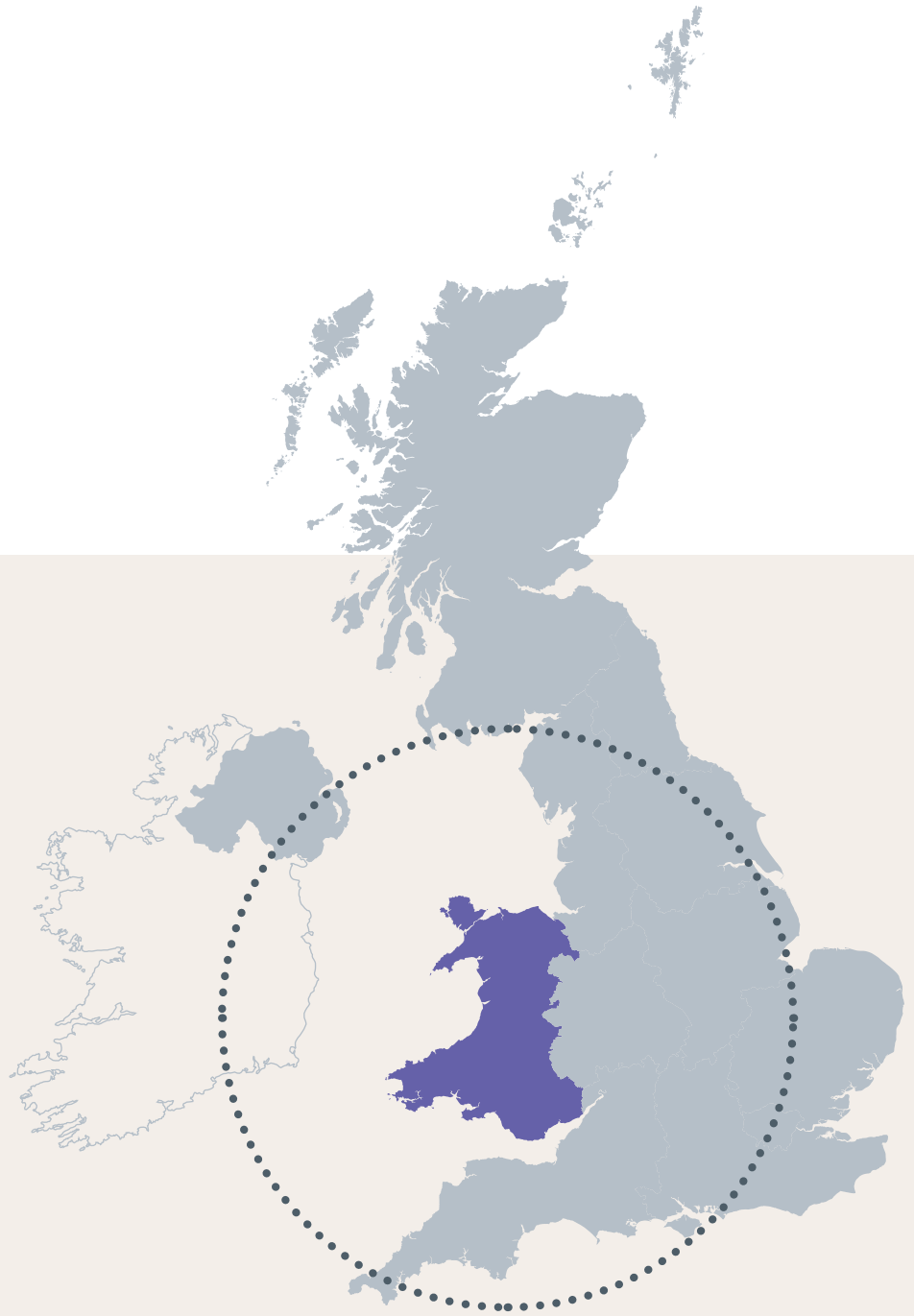
Overcoming skills shortages by supporting training and recruitment in a more competitive labour market requires combined action from CITB, construction companies, training providers and government. Having a workforce that is competent and trained to make the most of the future opportunities is vital to ensuring Wales 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 118,000 workers and contribute over £7bn worth of output from an industry that accounts for 14% of all businesses that employ people in the nation. ■



Annually the construction industry will continue to support

118k+ WORKERS



WALES

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