NORTH WEST CONSTRUCTION PIPELINE ANALYSIS 2015

Greater Manchester Chamber of Commerce
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Comprising of Framework Agreements for the procurement of building construction works, available to all public bodies in the North West, the North West Construction Hub (NWCH) is a move away from traditional tendering, replacing this with long-term, collaborative relationships between Clients, Professionals and Contractors, formed around shared objectives and common values.

Benefiting from the collective knowledge and experience of its Management Team and Contractor Partners, NWCH provides bespoke solutions for Clients, tailoring to their requirements and social values. Operating since 2010, NWCH has delivered over £1billion of work, across a total of 219 projects.

Following the success of the first four year Frameworks launched in 2010, NWCH has recently begun re-procuring its Frameworks for the next four years, comprising of the Medium Value Framework (£2m+ to £9m) and High Value Framework (over £9m+) launched in the last six months, with the Low Value Framework (£500k to £2m) currently in re-procurement and available later this year.

Working closely with the Greater Manchester Chamber of Commerce, the NWCH High Value Partners are proud to support the North West Construction Pipeline Analysis and assist in addressing skills shortages for the industry.

Framework Partners:

Galliford Try

KIER

MORGAN SINDALL

bam construction

wates construction

Shepherd Ingenuity Applied

LAING O'ROURKE

About the Partners

The Construction Industry Training Board is a partner in the Sector Skills Council for the construction industry in England, Scotland and Wales. The CITB works with industry to encourage training, which helps build a safe, professional and fully qualified workforce.The support and funding the CITB provides helps companies to improve skills, increase their competitiveness and respond to challenges such as the low carbon agenda, reducing costs on site and recruiting the best talent for their sector.

"CITB fully endorse how important research is that produces pipeline analysis that will give us a picture of the skills that the construction industry needs, what the education and training system is supplying and where the gaps lie. Planning future skills requirements from a robust evidence base is critical as it helps ensure that investment is correctly targeted in key areas where skills are needed and maximum opportunities for jobs and training can be realised."

Barbour ABI is a leading provider of construction intelligence services. With a team of in-house research specialists and a dedicated lead economist, it provides commercially relevant insight and unique analysis of trends and developments within the building and construction industry. Barbour ABI is the chosen provider of industry data and indicators for Government bodies including the Office for National Statistics and the UK Government's Construction and Infrastructure Pipelines, which outline future construction and infrastructure projects where public funding is agreed. Barbour ABI also provides data for independent organisations, such as the Construction Products Association. Providing sales leads and data to many clients that sell their products and services into the built environment, Barbour ABI reports on every planning application in the UK and also tracks 20,000+ projects that do not require planning permission. At each stage, key intelligence is added such as individual contact data, planned or estimated start/end dates, values, materials identified, detailed scheme and status information and also subcontractor information.

Barbour ABI, Hinderton Point, Lloyd Drive, Cheshire Oaks, Cheshire, CH65 9HQ

T: 0151 353 3500

E: info@barbour-abi.com

W: www.barbour-abi.com

@BarbourABI

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Chief Executive's Foreword

Construction is a key part of our economy, whether building the homes we live in, the offices and factories where we work or the infrastructure that helps us to move between them. Since 2008, the outlook for the sector has been volatile but, along with the rest of the economy, it is now in better health. This is important as this sector is pivotal to the success of our regional economy. Only with the return of house building and government investment into large-scale infrastructure flowing once again can the wider benefits from this sector flow into our economy. Access to investment finance remains an issue for many firms in the sector, but a pressing lack of skilled labour continues to be one of the biggest risks.

This is not a new problem but becomes more acute as the economy starts to grow again. For many years the sector as a whole, alongside government and a variety of agencies and training providers, has been highlighting this problem, but there remains a huge amount left to do. Many training providers quite rightly respond to the market forces within their current business model, where the supply of young entrants to the industry shapes the courses that they deliver, but this leaves business trying to shape a 21st-century industry with trades that were commonplace decades ago. If the construction sector is to be truly fit to deliver the aims of the industrial strategy Construction 2025 where the vision is for a lean, efficient, modern and vibrant sector, we must more successfully connect the supply and demand sides for training so we equip both our current and future workforces with the needs of modern business.

Many reports have been written on this deep rooted problem, each filled with more information than the last but, in a world driven by data, information is a cheap commodity: what we need is understanding. This is brought about not just by analysis of large amounts of data but by intelligent collaboration between experienced partners, each of whom brings their experiences to the table. It is only when we work together that we are able to solve these kinds of problems.

In this report, the fourth of its type from Greater Manchester Chamber, we bring together a variety of data sources and, working with key partners such as Barbour ABI, CITB, the North West Construction Hub and a variety of contractors, clients and training providers, we are able to highlight in detail where the problems and opportunities lie and, with our role as the vital interface between business and education, use our experience to bring key agencies together to deliver genuine solutions quickly and directly to industry.

This report must not be seen as an end point in itself. We will continue to champion the needs of the sector loudly on behalf of our members and will work closely with all the partners necessary to make the changes this industry needs. I look forward to working with you all to make these things happen.

Clive Memmott, CEO,
Greater Manchester
Chamber of Commerce

Executive Summary

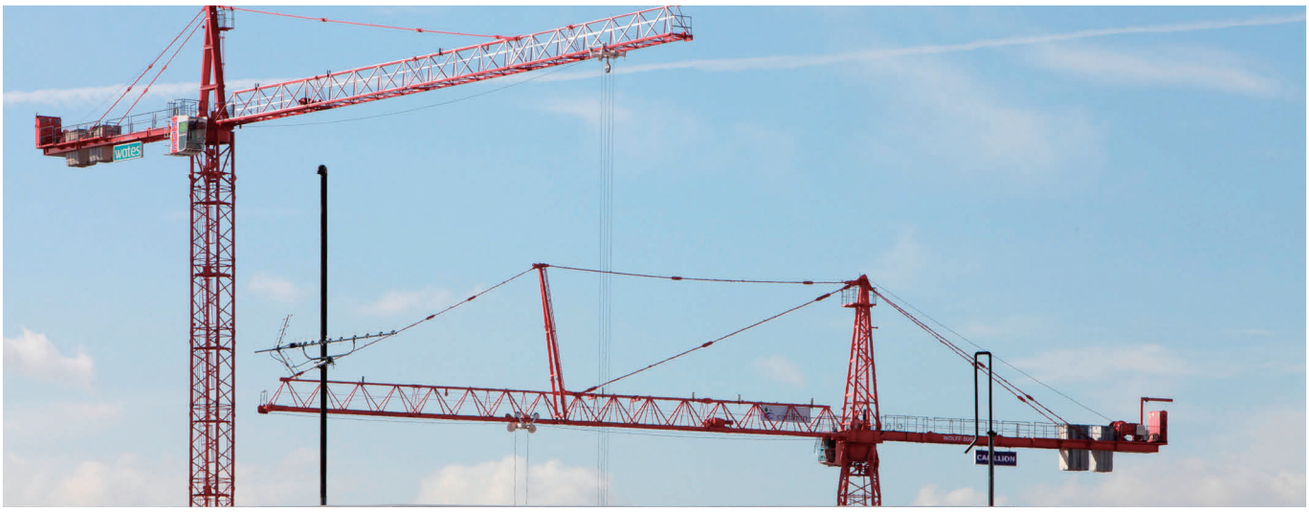
The publication by Greater Manchester Chamber of Commerce of its Greater Manchester Construction Pipeline Analysis in November 2013 and July 2014 heralded a new way of understanding the construction industry's future workload and its direct impact on the availability of future skills for the sector. Its reception by the construction industry, training providers and the UK government is testament both to the usefulness of this new methodology and the paucity of information that existed in this space prior to the publication of the first edition of the Pipeline Analysis. Greater Manchester Chamber of Commerce later collaborated with KPMG and London Chamber of Commerce and Industry to publish the LCCI/KPMG Construction Skills Index 2014, which provided a comprehensive analysis of the volume of construction projects and the demand for skilled construction labour in London and the South East of England.

This report, the Construction Pipeline Analysis for North West 2015 is being published by Greater Chamber of Commerce in partnership with North West Construction Hub. The report covers construction projects in Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside.

The findings within this report are based on data provided by Barbour ABI, the Construction Industry Training Board's Labour Forecasting Tool developed by Whole Life Consultants at the University of Dundee and the Skills Funding Agency data cube. The methodology for the analysis was developed by Greater Manchester Chamber of Commerce.

This report delivers the following key findings:

- The planning system has a total of £114.36 billion of construction projects, with £69.78 billion expected to have a high degree of certainty of delivery.
- The output between 2015 and 2018 inclusive is expected to be £29.93 billion.
- The output is driven by infrastructure and housing at £10.88 billion and £6.84 billion respectively.
- Projects worth £40.36 billion are due to start in the four year period between 2015 and 2018 inclusive.
- Labour demand for 2015 is 184,064 workers, the average labour demand for 2015-2018 is 122,000 workers this compares well with the ONS baseline off 149,000 workers needed in 2013.
- The training needs for the 2015 – 2018 period are 45% more than the average for 2011 – 2014.



Economic Environment of Construction

Michael Dall, Chief Construction Economist, Barbour ABI

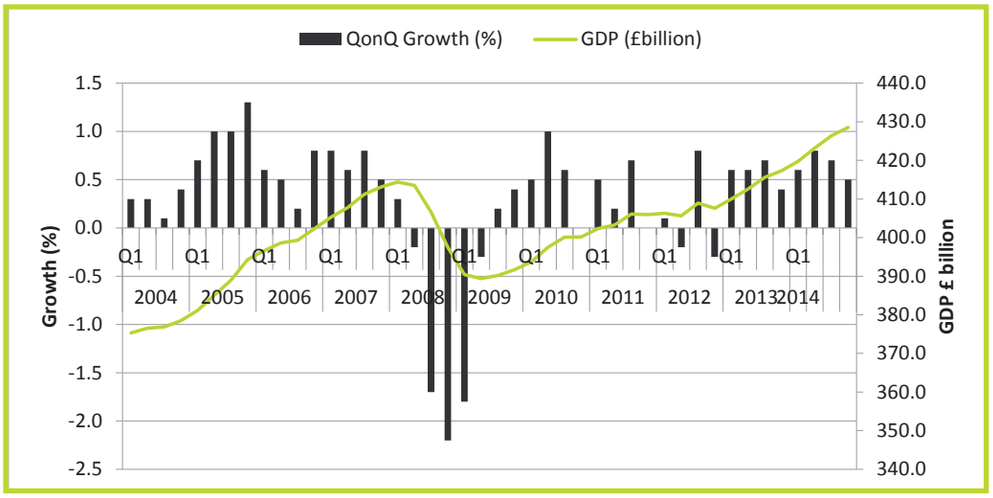
Michael is an Economist specialising in the Construction and Built Environment sectors at UBM's construction data company Barbour ABI. He leads on Barbour ABI's research and outputs on the Construction sector assessing the trends and developments which impact upon it. As part of this role, Michael authors the monthly Economic & Construction Market Review and a series of "Industry Focus" papers looking at areas of importance to the sector. Prior to this Michael worked for GVA Grimley as an Economist focussing on the commercial property sector. He holds a Masters degree in Economics.

UK Economy

The Office for National Statistics announced that the UK economy grew by 0.5% in Q4 2014, equating to yearly growth of 2.6%. These figures confirm that growth slowed towards the end of 2014, with quarterly growth down from 0.7% in Q3 and full year growth below the OBR estimate of 3% at the Autumn Statement in December. However, the yearly growth figure was the largest since 2007, before the economic downturn.

Economic Environment of Construction

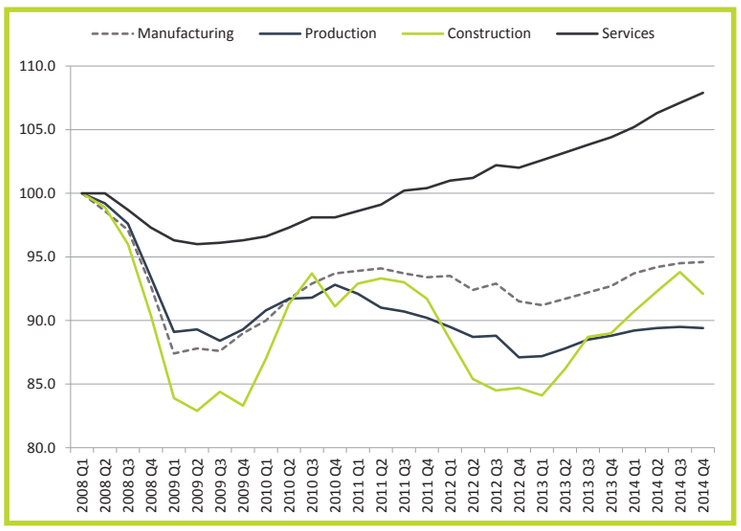
Figure 1



Source: ONS

Analysing growth in each of the main industrial groupings it is notable that the service sector is the only one which is above its pre-recession levels of activity with output 7.9% above the Q1 2008 level. In contrast, construction is 7.9% below its 2008 level; manufacturing is 5.4% below and production 10.6% lower.

Figure 2



Source: ONS

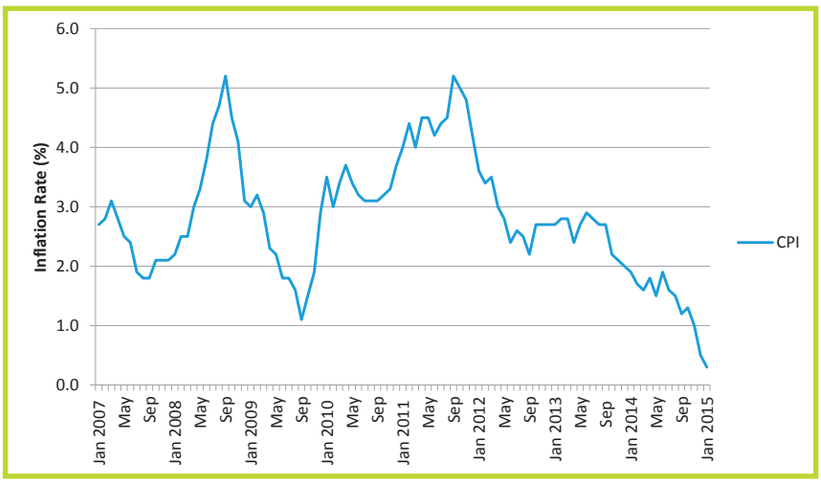
Economic growth has mainly been driven by consumer spending over the past 12 months with the rate of business investment growth slowing in the second half of the year. This is closely linked to the decline in oil price, which has reduced economic viability of investment in new oil and gas fields. Overall business investment fell by 1.4% in Q4 2013, but even stripping out the oil and gas sector, the underlying trend for business investment was a decline of 0.3%.

Economic Environment of Construction

Figure 3

The labour market continued its strong performance with the latest unemployment figures showing that the current claimant count rate fell to 5.7% at the end of 2014. This demonstrates the continual improvement in labour market conditions in recent months and this looks set to continue as the economy continues to grow.

Figure 4



Source: ONS

However, productivity still remains an issue in the UK when compared to the other economies within the G7. Despite having grown in 2013 the UK still lags behind all countries except Japan in both 2012 and 2013. The productivity gap between the UK and the United States increased in 2013 and remains significantly behind the other economies in the G7.

Introduction

The findings of the main part of this report utilise planning and other data sources collated and published under licence by Barbour ABI, exclusive providers of New Orders in the Construction Industry data to the Office of National Statistics, alongside construction sector labour force modelling tools developed by Whole Life Consultants Ltd at the University of Dundee, on behalf of the Construction Industry Training Board. Greater Manchester Chamber of Commerce applies its own methodology to the Barbour ABI data: this methodology removes low value projects and those currently showing a level of uncertainty within the planning system. There is naturally an element of risk involved in understanding the likelihood of delivery of projects within the planning system and although the methodology is robust, it continues to undergo refinement as greater quantities of data is received. This report, therefore, is based solely on those projects that meet our criteria within the methodology and is focused on the four years from 2015 to 2018 inclusive. It should be noted that this is not a forecast: the labour analysis is developed from projects currently within planning and is likely, therefore to underestimate the labour required particularly toward the end of the analysis period. There will be volumes of construction work that will be delivered within our analysis period that have not yet been submitted for planning, or have been submitted but their delivery is not yet certain, and these are excluded from this report.

Pipeline Information

Our analysis shows that there is currently £114.36 billion worth of projects in the pipeline for North West as a whole, out of which £29.93 billion (figure 5) is due to be delivered in the four year period between 2015 and 2018. Out of the £29.93 billion due to be delivered in 2015-2018, the largest volume is infrastructure projects worth £10.88 billion. Contracts have already been entered into for £14.81 billion worth of projects and an additional £ 2.63 billion value has already been granted detailed approval. Our analysis shows that the industry has recovered well post-recession, with a 30% increase on new project starts of £40.36 billion in 2015-2018, as against £27.97 billion in the four period between 2011 and 2014. Of the projects worth £40.36 billion that we expect to begin in the 2015–2018 period, the delivery period of some of these projects goes beyond 2018 or is as yet unknown and hence not all of these projects have been included in the economic, labour and training analysis.

There are interesting regional differences in the composition of the £29.93 billion pipeline. The analysis shows that there are £8.97 billion worth of projects in Greater Manchester. Of this £8.97 billion, nearly 30% or £2.67 billion is housing projects. Cheshire and Lancashire have a much higher proportion of housing projects in the regional pipeline at £ 1.56 billion (34%) and £1.35 billion (51%). In the other two regions, infrastructure projects are the largest component in the regional pipeline. Cumbria has £8.74 billion worth of projects planned, of which £5.12 billion are infrastructure projects. Interestingly, Cumbria also has the largest volume of private industrial projects at £3.06 billion.

Figure 5 - *Project Stages*

Total Value = £30bn

Sector Information

Infrastructure represents the single largest sector for both output and new project starts in the analysis period. Across the North West, infrastructure projects worth £11.83 billion are expected to be delivered between 2015 and 2018 inclusive. This is not surprising considering there are large developments planned in transportation, nuclear power and ports. The current data shows £3.4 billion worth of infrastructure to be delivered in 2015, £2.85 billion in 2016, £2.18 billion in 2017 and £2.43 billion in 2018. The increase in 2018 is represented by the start of construction on NuGen nuclear power station, along with other ongoing projects such as the development of Wirral waters and the Central Docks in Liverpool. Other large infrastructure projects include the Dong Energy offshore wind farm off Walney Island, and work on the Northern Hub in Manchester. Infrastructure projects worth £19.62 billion are due to start in the next four years, with completion going beyond 2018 on many of these projects.

Housing is the second largest sector accounting for £6.84 billion in value for 67,576 housing units to be delivered in the next four years. This includes 29,352 units due to be delivered in 2015 (£2.74 billion) and 20,166 (£2.10) units due to be delivered in 2016. The current data shows £1.25 billion worth of housing to be delivered in 2017 and £0.74 billion to be delivered in 2018. We believe there is low visibility of housing projects for 2017 and beyond and expect more housing projects to enter the planning system and as a result, the overall numbers are likely to show a substantial increase. The planning data shows that contracts have already been entered into for £3.69 worth of housing projects.

Private commercial projects worth £4.99 billion are included in the pipeline, with contracts entered into for £1.20 billion. Private commercial output includes a value of £1.76 billion expected to be delivered in 2015, £1.53 billion in 2016, £0.97 billion in 2017 and £0.73 billion in 2018. This represents a floor area of 1,677,762 square metres to be delivered in the 2015–2018 period. With a total of £13.01 billion worth of projects due to start in the 2015 – 2018 period, the outlook for private commercial projects remains very positive.

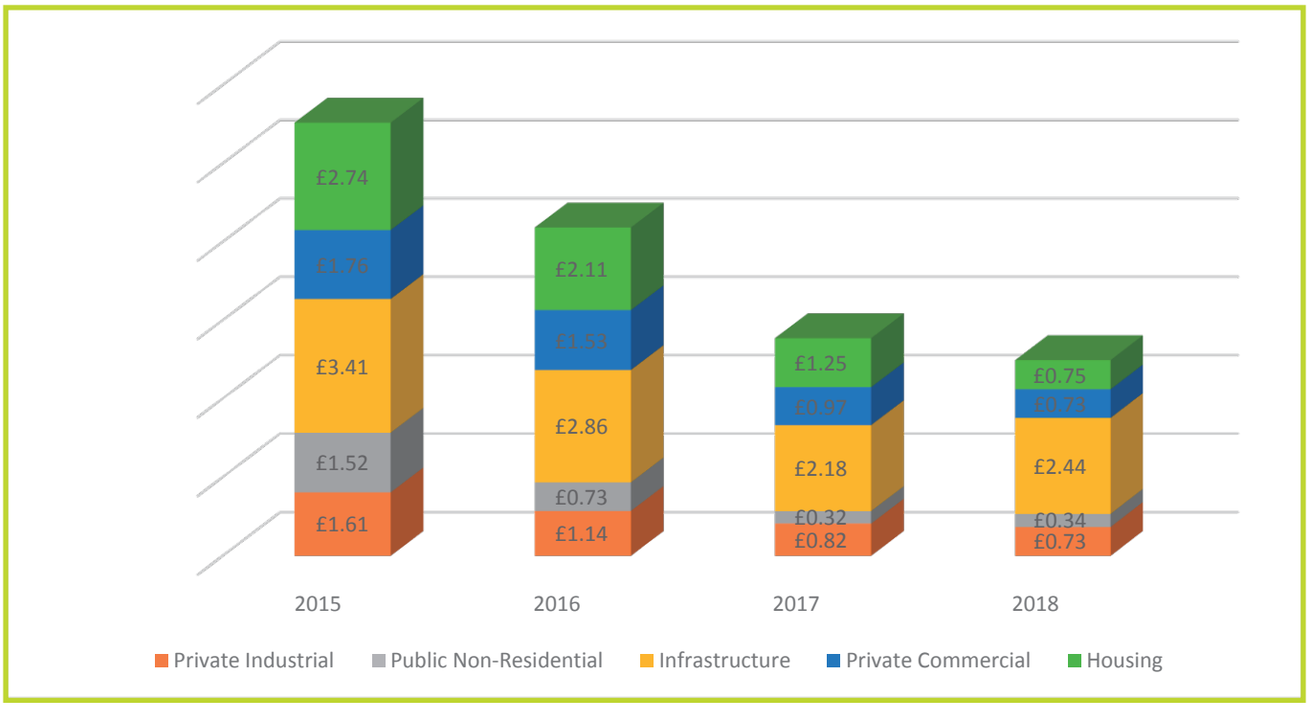
Figure 6 - *Construction Output from 2015 - 2018*

Annual Construction Output

Private industrial had been somewhat subdued post-recession, but has now recovered well. The four year pipeline includes £4.30 billion worth of private industrial projects. This is made up for £1.61 billion worth of projects to be delivered in 2015, £1.14 billion in 2016, £0.82 billion in 2017 and £0.73 billion in 2018. New project starts in the private industrial segment for the 2015-2018 period amount to £1.74 billion. Regionally, private industrial projects form a smaller proportion of the pipeline, but the data shows that private industrial projects worth £3.06 billion are due to be completed in Cumbria in the next four years. Greater Manchester has the second largest volume of private industrial projects at £0.58 billion, Cheshire has £0.24 billion worth, £0.22 billion in Lancashire and £0.19 billion in Merseyside. The high value in Cumbria is because of the Sellafield nuclear decommissioning works at Copeland.

There is a constrained outlook for public spending post-recession and public non-residential projects, which primarily represent public capital investment, are the smallest component of the four year pipeline. Public non-residential projects worth £1.52 billion are expected to be delivered in 2015 and an additional £1.38 billion due to be delivered in the following three years. In this segment, £1.90 billion worth projects are due to start in the four year period between 2015 and 2018.

Figure 7 - *Construction output by ONS category (all values in £Billions)*

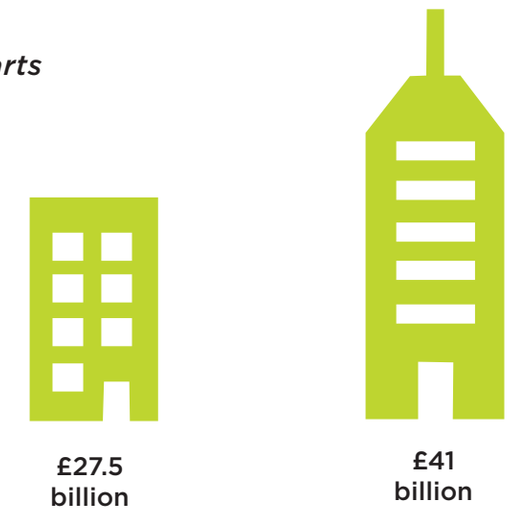


Annual Construction Output

Figure 8 - *Annual output by ONS category*

	Private Industrial	Public Non-Residential	Infrastructure	Private Commercial	Housing	TOTAL
2015	£1.6Bn	£1.5Bn	£3.4Bn	£1.7Bn	£2.7Bn	£11Bn
2016	£1.1Bn	£729M	£2.8Bn	£1.5Bn	£2.1Bn	£8.3Bn
2017	£819M	£321M	£2.1Bn	£969M	£1.2Bn	£5.5Bn
2018	£733M	£337M	£2.4Bn	£730M	£745M	£4.9Bn
TOTAL	£4.3 Bn	£2.9Bn	£10.8Bn	£4.9Bn	£6.8Bn	£29.9Bn

Figure 9 - *New Project Starts*



Top 25 Projects

There are numerous high value projects in the planning system for the different areas in the North West. These include projects in multiple segments such as transportation (One North Transport Plan), power generation (Nugen Nuclear Power Station, Dong Walney Offshore Wind Farm), ports development (Liverpool Waters Development, Wirral Waters Masterplan) and commercial office space (Omega Business Park Masterplan). Not all of these projects are included in the analysis because information on the project dates are still not available. Therefore, not all of these projects form part of the £29.93 billion value. Figure 10 shows the top 25 projects by value included in the analysis for this report.

Figure 10 - *Top 25 Projects included in the anaylsis*

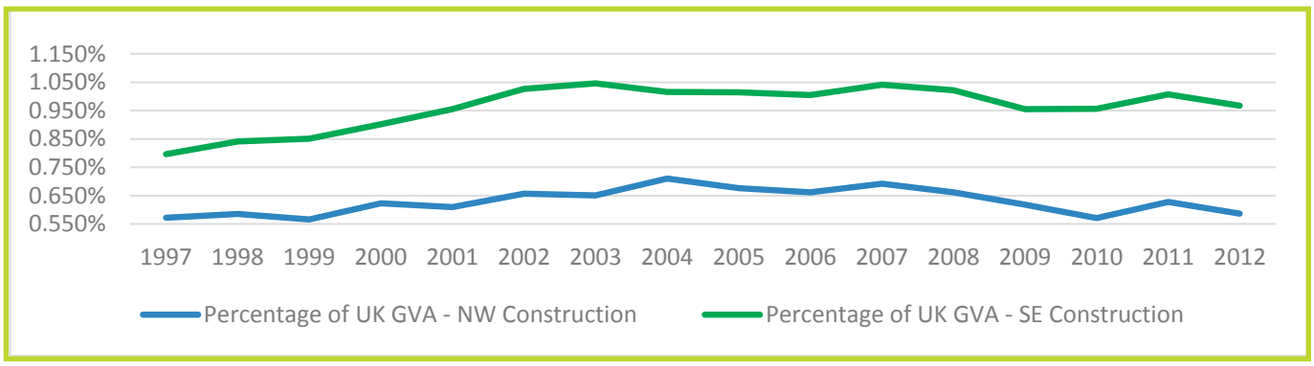
Project Name	Location	Value	Start Year	End Year
The Nugen Project - Nuclear Power Station	Cumbria	£14,000,000,000	2018	2024
Nuclear Decommissioning - Uk	Cumbria	£7,000,000,000	2014	2028
Liverpool Waters Development	Merseyside	£5,500,000,000	2015	2040
Wirral Waters Masterplan	Merseyside	£4,500,000,000	2015	2045
Sellafield Site - Silos Direct Encapsulation	Cumbria	£1,722,000,000	2015	2019
Dong Walney Extension Offshore Wind Farm	Cumbria	£1,125,000,000	2015	2018
Omega Business Park Masterplan	Cheshire	£1,000,000,000	2012	2037
Sellafield Infrastructure Strategic Alliance	Cumbria	£935,000,000	2013	2023
NOMA 53 Project Masterplan	Greater Manchester	£800,000,000	2010	2025
Carrington Ccgt Power Station	Greater Manchester	£800,000,000	2014	2016
Central Salford - Chapel Street	Greater Manchester	£650,000,000	2013	2028
Mersey Gateway Bridge	Cheshire	£600,000,000	2014	2017
Northern Hub	Greater Manchester	£560,000,000	2014	2019
Carrington Energy Centre	Greater Manchester	£500,000,000	2012	2015
Holt Town Waterfront	Greater Manchester	£500,000,000	2015	2018
New Bridgefield Town Centre Masterplan	Greater Manchester	£500,000,000	2015	2018
Northern Hub Works Programme	Greater Manchester	£498,100,000	2013	2018
Port Salford Freight Terminal - Western Gateway	Greater Manchester	£400,000,000	2014	2016
Gsk Ulverston	Cumbria	£350,000,000	2015	2019
Box Encapsulation Plant - Sellafield	Cumbria	£336,000,000	2016	2020
Royal Liverpool Hospital	Merseyside	£335,000,000	2014	2017
Area 10 Asset Support Contract - Highways Agency	Cheshire	£300,000,000	2012	2017
Liverpool 2 Port of Liverpool Deep Water Terminal	Merseyside	£300,000,000	2013	2017
Electrification of The Transpennine Express	Greater Manchester	£300,000,000	2016	2018
Ellesmere Quays – Masterplan	Cheshire	£300,000,000	2014	2018

Total GVA

North West & South East Comparison

The construction industry contributes over £90 billion annually to the UK economy, which equates to 6.7% in value added. The value of the pipeline for the North West at £29.93 billion is only slightly less than the pipeline for the South East of the UK, which is £33 billion. The pipeline output of £29.93 excludes numerous high value projects planned for the North West. If these were to be included in the analysis, the pipeline value for the North West would equal the pipeline value for the South East. The North West construction activity, as a total of UK gross value added, contributed 0.63% as an average over the last 15 years with a peak of 0.71 % in 2004, approximately a tenth of the total contribution of the whole of the construction industry of the UK. Comparatively, construction in the South East has seen an average contribution of the Gross Value Added of the UK at 0.96%, approximately 15% of the total UK contributions across the 15 years with a peak of 1.046% in 2003. On average across the 15 years evaluated, the average contributions of North West construction is approximately one-third of a percent lower than that of South East construction. In general, both made greater contributions like for like on the previous year up until the peak of 2007 with a few exceptions. Since 2007 both have seen their shares of total GVA decline due to the impact of the recession on the construction industry.

Figure 11 - ***Regional Construction Contributions to the UK Economy***



Housing

The North West of England has the third highest population of all English regions and includes some of the most densely populated regions in the UK. The 2011 census also reported that population growth in Greater Manchester was the second largest in the UK. As such, the demand for housing is quite high. The North West of England Plan Regional Spatial Strategy to 2021 states that around 23,000 new homes are required every year in the North West to meet current demand. Housing projects are a large component of construction projects by both annual value output and new project starts. Despite this, our analysis shows that the target number of units was not built in the North West.

Figure 12 - ***Population in the North West (Source: ONS Census 2011)***

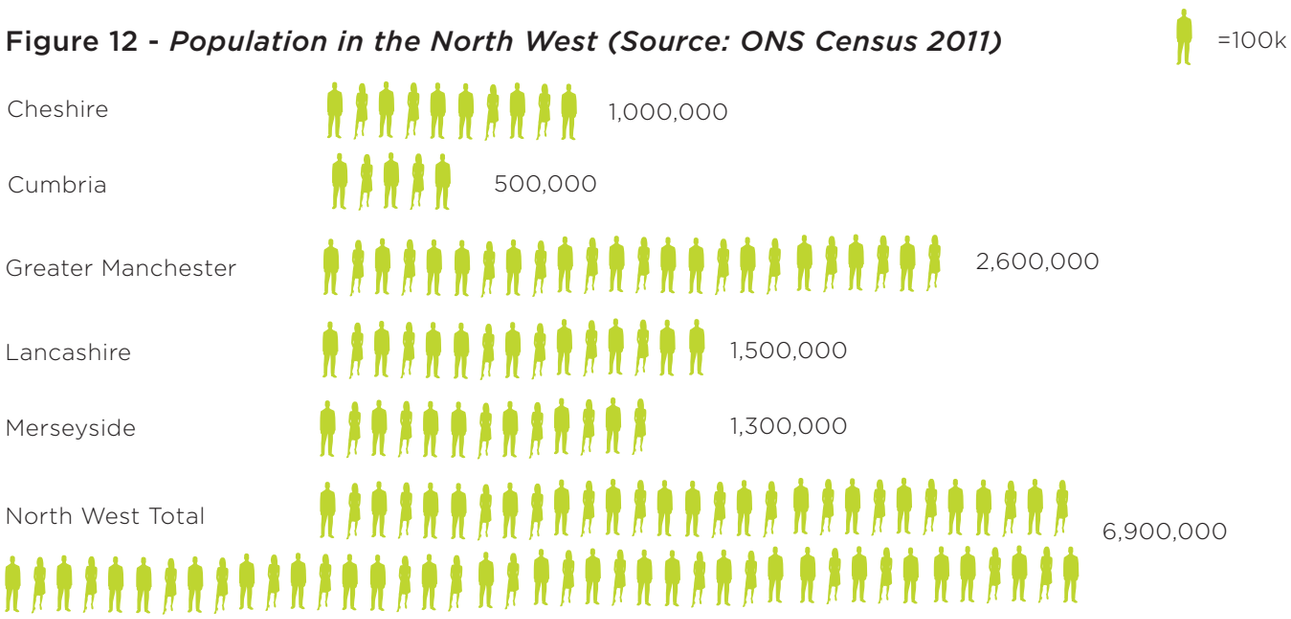


Figure 13 - ***Housing projects planned in the North West - TOTAL £6.8 BN***

Housing

There are regional variations in the volume of housing projects planned for the different regions. The Greater Manchester Spatial Framework calls for 10,706 housing units to be built annually in the Greater Manchester region between 2012 and 2033. As against this, 2317 housing units were delivered in 2012, 3709 units in 2013 and 7693 units in 2014. For 2015, 10,657 housing units are planned but contracts have only been entered into for 7,693 units. Without a significant increase in house building, the target of 10,706 units annually cannot be met.

According to our analysis only 10,214 houses were completed in the North West in 2012. Industry experts confirm that the housing target has not been met. The data does show a significant improvement for 2014 and 2015, with projects to deliver 22,646 housing units in 2014 and 29,352 housing units to be delivered in 2015 included in planning data. However, as of February 2015, contracts had been entered into only for 20,563 units for 2014 and 21,799 units for 2015. We do not, therefore, except significant changes in the number of housing units due to be delivered in 2105 although it is likely that the numbers for the following three years will go up.

Figure 14 - ***Housing projects planned and contracted***

Labour Analysis

Key findings:

- Labour demand for 2015 is 184,064 workers, the average labour demand for 2015-2018 is 122,000 workers.
- The training needs for the 2015 – 2018 period are 45% more than the average for 2011 – 2014.
- Substantial deficit in training to meet the current demand for skilled construction workers.

This report's analysis of labour requirements for projects in the period 2015-2018 is derived through the Construction Industry Training Board's Labour Forecasting Tool, developed by Whole Life Consultants Ltd at the University of Dundee. The tool provides a summary of total workforce required for each project throughout its life and outlines labour requirements by 26 separate occupations month by month. In a similar way to the pipeline analysis, this section includes the workforce required for the four years from 2015 to 2018 for all projects in the North West that meet our methodology, including projects that began before this period but which continue into it. Figure 16 shows the overall labour requirements.

The marker points for 2016, 2017 and 2018 indicate the expected increase in labour requirement for those years. The projected growth has been calculated using information from the Construction Skills Network, which forecasts that the demand for construction labour is expected to increase by 1.2% every year until 2019. Figure 17 shows the average labour requirements by occupation for the four years from 2015 to 2018.

The analysis of training requirements to support the labour force is based on 10% of the total work force being in training at any point in time, including both the up-skilling of existing employees as well as new entrants to the industry. Previous reports have estimated the training requirements at 5% of the total work force, but it was determined from discussions with employers that with the economy having now recovered, the demand is for 10% or more of the total work force to be in training at any point of time. Figure 18 shows the average training requirements by occupation for the four years from 2015 to 2018. Employers report significant increase in construction jobs and consequent wage inflation because of severe shortages in adequately trained labour. The training requirement analysis shows a similar average increase of 45% for volumes required for the 2015–2018 period as for labour overall. Figure 19 shows the increase in average training requirements between the two four year periods from 2011-2014 and 2015-2018.

It should be noted that the labour requirements data for the 2011-2014 period is that which would be required to deliver the projects that were active during this period, not the numbers that were actually employed. Some companies were operating with significant spare capacity during this time, meaning employment numbers for this period will differ from the labour requirements in this analysis. In addition, the average number of people required per year will be lower in this analysis than in reality, as the average is being negatively affected by the current low visibility of projects toward the end of the analysis period.

Labour Analysis

Over our analysis period, labour requirements for the construction industry for 2015-2018 period are expected to average 45% more than in the previous four years (2011-2014). The labour demand for 2014 was estimated to be 139,094 workers, increasing sharply to 184,064 workers in 2015. The labour demand for 2016 according to our data is estimated to be 144,672 workers. The current data shows that the median average across the four years 2015-2018 is expected to be 122,006 workers, against 84,293 workers for 2011-2014. With more projects expected to be added to the pipeline in the coming years, the actual demand for workers in 2015-2018 would likely be higher. The historic labour requirement analysis indicates that the labour demand for the future pipeline will increased significantly over the next four years. The workforce requirements per trade vary significantly from a median annual average of 1,117 for scaffolders to 13,698 for non-construction professional, technical, IT and other office-based staff (excl. managers).

Figure 15 - *Top 5 Professions in demand*

Non-construction professional, technical, IT, and other office–based staff (excl.managers)

20,729 required in 2015

Wood trades and interior fit-out

20,138 required in 2015

Construction managers

15,487 required in 2015

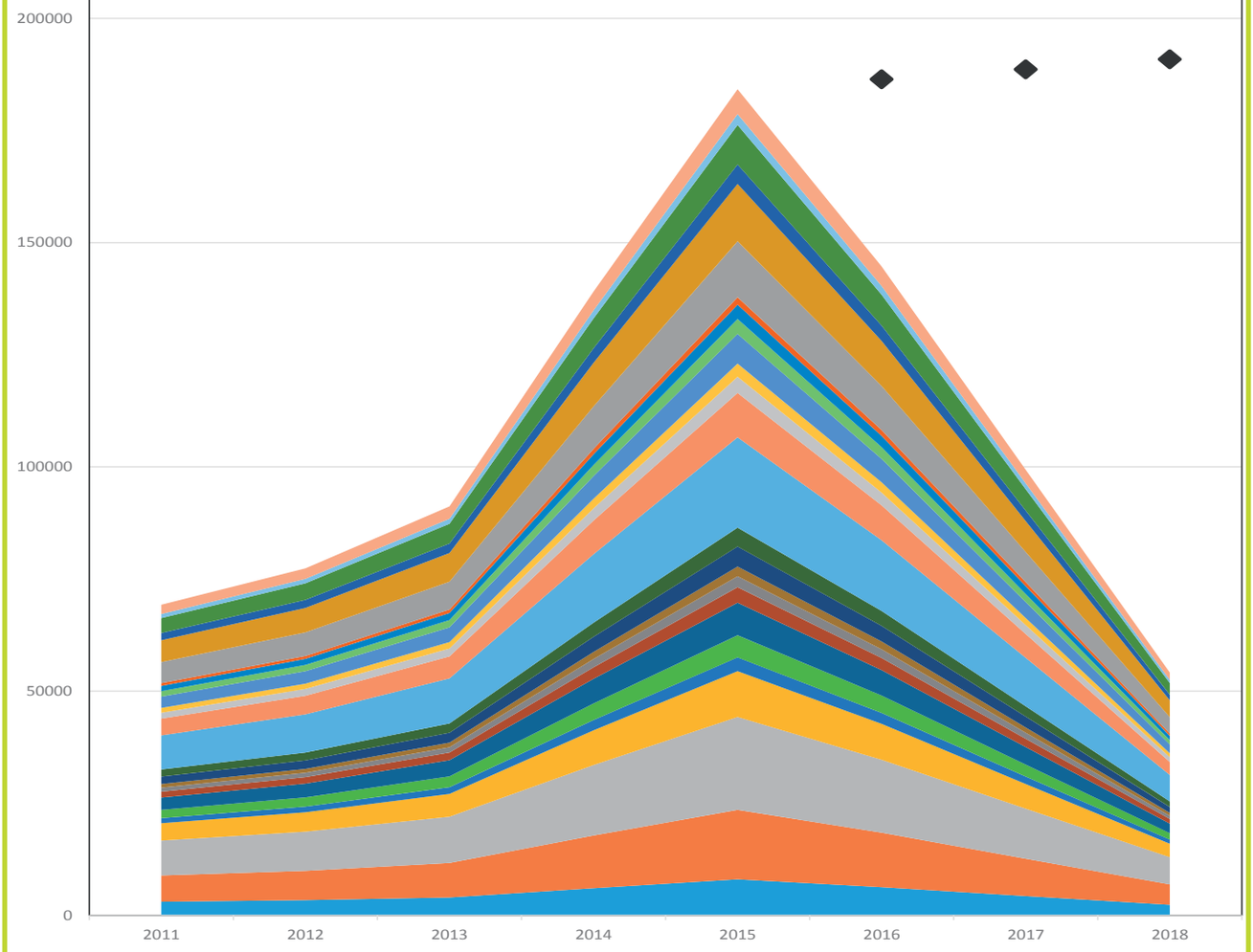
Plumbing and heating, ventilation, and air conditioning trades

12,818 required in 2015

Electrical trades and installation

12,474 required in 2015

Figure 16 - *Overall Labour requirements*



- SOC22 Non-construction operatives
- SOC20 Logistics
- SOC17 Labourers nec*
- SOC12 Specialist building operatives nec*
- SOC19 Plumbing and heating, ventilation, and air conditioning trades
- SOC18 Electrical trades and installation
- SOC13 Scaffolders
- SOC11 Glaziers
- SOC09 Roofers
- SOC05 Bricklayers
- SOC10 Floorers
- SOC08 Plasterers and dry liners
- SOC07 Painters and decorators
- SOC04 Wood trades and interior fit-out
- SOC23 Civil engineers
- SOC21 Civil engineering operatives nec*
- SOC16 Steel erectors/structural
- SOC15 Plant mechanics/fitters
- SOC14 Plant operatives
- SOC06 Building envelope specialists
- SOC26 Surveyors
- SOC25 Architects
- SOC24 Other construction professionals and technical staff
- SOC03 Non-construction professional, technical, IT, and other office–based staff (excl.managers)
- SOC02 Construction managers
- SOC01 Senior, executive and business process managers
- Projected Growth

Labour Analysis

Figure 17 - *Average labour requirments by occupation*

SOC	Occupation	2015	2016	2017	2018
SOC01	Senior, executive and business process managers	8,027	6,291	4,318	2,356
SOC02	Construction managers	15,487	12,126	8,317	4,534
SOC03	Non-construction professional, technical, IT, and other office–based staff (excl.managers)	20,729	16,248	11,148	6,079
SOC04	Wood trades and interior fit-out	20,138	15,782	10,816	5,897
SOC05	Bricklayers	6,648	5,223	3,588	1,955
SOC06	Building envelope specialists	7,257	5,689	3,907	2,128
SOC07	Painters and decorators	9,900	7,765	5,322	2,902
SOC08	Plasterers and dry liners	3,606	2,840	1,956	1,064
SOC09	Roofers	3,309	2,605	1,788	979
SOC10	Floorers	2,915	2,302	1,580	868
SOC11	Glaziers	3,211	2,526	1,739	948
SOC12	Specialist building operatives nec*	4,321	3,395	2,337	1,271
SOC13	Scaffolders	1,640	1,321	912	499
SOC14	Plant operatives	3,459	2,724	1,877	1,021
SOC15	Plant mechanics/fitters	2,442	1,938	1,334	732
SOC16	Steel erectors/structural	2,160	1,716	1,187	645
SOC17	Labourers nec*	8,811	6,915	4,742	2,585
SOC18	Electrical trades and installation	12,474	9,808	6,723	3,660
SOC19	Plumbing and heating, ventilation, and air conditioning trades	12,818	10,048	6,890	3,754
SOC20	Logistics	2,418	1,923	1,325	723
SOC21	Civil engineering operatives nec*	4,474	3,506	2,425	1,316
SOC22	Non-construction operatives	5,548	4,363	3,003	1,631
SOC23	Civil engineers	4,203	3,308	2,274	1,238
SOC24	Other construction professionals and technical staff	10,207	8,021	5,505	2,998
SOC25	Architects	3,083	2,430	1,666	915
SOC26	Surveyors	4,919	3,868	2,652	1,446
		184,204	144,681	99,331	54,144

nec* means not elsewhere classified

Labour Analysis

Figure 18 - *Average training needs by occupation*

SOC	Occupation	2015	2016	2017	2018
SOC01	Senior, executive and business process managers	803	629	432	236
SOC02	Construction managers	1,549	1,213	832	453
SOC03	Non-construction professional, technical, IT, and other office–based staff (excl.managers)	2,073	1,625	1,115	608
SOC04	Wood trades and interior fit-out	2,014	1,578	1,082	590
SOC05	Bricklayers	665	522	359	196
SOC06	Building envelope specialists	726	569	391	213
SOC07	Painters and decorators	990	777	532	290
SOC08	Plasterers and dry liners	361	284	196	106
SOC09	Roofers	331	261	179	98
SOC10	Floorers	292	230	158	87
SOC11	Glaziers	321	253	174	95
SOC12	Specialist building operatives nec*	432	340	234	127
SOC13	Scaffolders	164	132	91	50
SOC14	Plant operatives	346	272	188	102
SOC15	Plant mechanics/fitters	244	194	133	73
SOC16	Steel erectors/structural	216	172	119	65
SOC17	Labourers nec*	881	692	474	259
SOC18	Electrical trades and installation	1,247	981	672	366
SOC19	Plumbing and heating, ventilation, and air conditioning trades	1,282	1,005	689	375
SOC20	Logistics	242	192	133	72
SOC21	Civil engineering operatives nec*	447	351	243	132
SOC22	Non-construction operatives	555	436	300	163
SOC23	Civil engineers	420	331	227	124
SOC24	Other construction professionals and technical staff	1,021	802	551	300
SOC25	Architects	308	243	167	92
SOC26	Surveyors	492	387	265	145
		18,420	14,468	9,933	5,414

The training requirement analysis shows a similar average increase of 45% for volumes required for the 2014 – 2017 period as for labour overall.

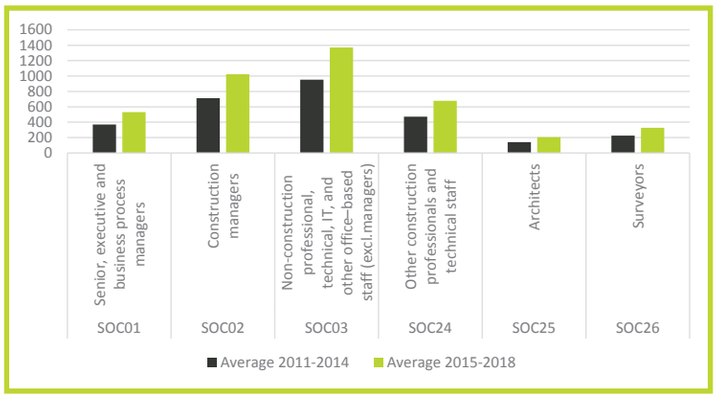
Figure 19 - *Increase in Training needs*

SOC	Occupation	Average 2011-2014	Average 2015-2018	Change
SOC01	Senior, executive and business process managers	370	531	44%
SOC02	Construction managers	712	1,023	44%
SOC03	Non-construction professional, technical, IT, and other office–based staff (excl.managers)	953	1,371	44%
SOC04	Wood trades and interior fit-out	927	1,331	44%
SOC05	Bricklayers	305	442	45%
SOC06	Building envelope specialists	335	481	44%
SOC07	Painters and decorators	456	655	44%
SOC08	Plasterers and dry liners	164	241	47%
SOC09	Roofers	151	221	46%
SOC10	Floorers	133	195	47%
SOC11	Glaziers	146	215	47%
SOC12	Specialist building operatives nec*	198	288	45%
SOC13	Scaffolders	74	113	53%
SOC14	Plant operatives	158	231	46%
SOC15	Plant mechanics/fitters	111	165	49%
SOC16	Steel erectors/structural	97	147	52%
SOC17	Labourers nec*	406	584	44%
SOC18	Electrical trades and installation	575	828	44%
SOC19	Plumbing and heating, ventilation, and air conditioning trades	591	847	43%
SOC20	Logistics	109	164	50%
SOC21	Civil engineering operatives nec*	205	298	45%
SOC22	Non-construction operatives	255	370	45%
SOC23	Civil engineers	193	280	45%
SOC24	Other construction professionals and technical staff	471	677	44%
SOC25	Architects	140	206	47%
SOC26	Surveyors	226	327	45%

Professional Services

The requirements for the professional services grouping for the four years beginning 2015 indicate an increase of 44% over the average requirements of the last four years. All the professions in this category are set to experience a similar increase in demand for skills. The requirement for architects (SOC25) is expected to increase by 48%, for surveyors by 45% and for other trades by 44%. The professional services grouping includes trades for which requirements in absolute numbers are the highest among all trades in all groups. The demand for SOC03, non-construction professional, technical, IT, and other office–based staff (excl. managers) is the largest of all trades at 15,685 workers in 2014 and 20,729 workers in 2015. This represents a demand of 1,569 and 2,073 training places in 2014 and 2015 respectively. There is also very high demand for construction managers (SOC23) and other construction professionals and technical staff (SOC24). This may be reflective of the fact that there may be an under supply of these senior roles. Since many of these trades have a HE route, this may be a focus area for Universities and HE colleges.

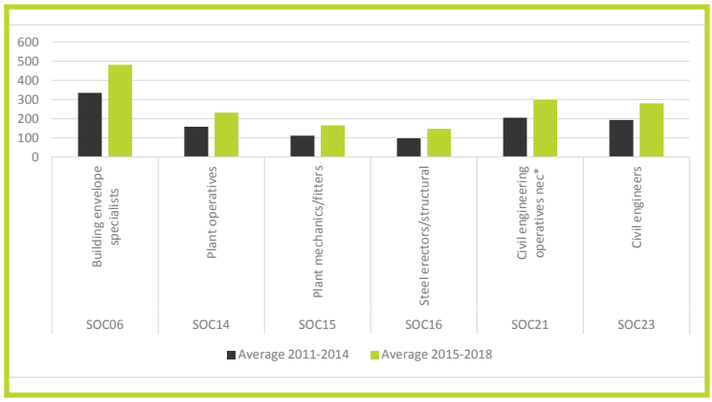
Figure 20

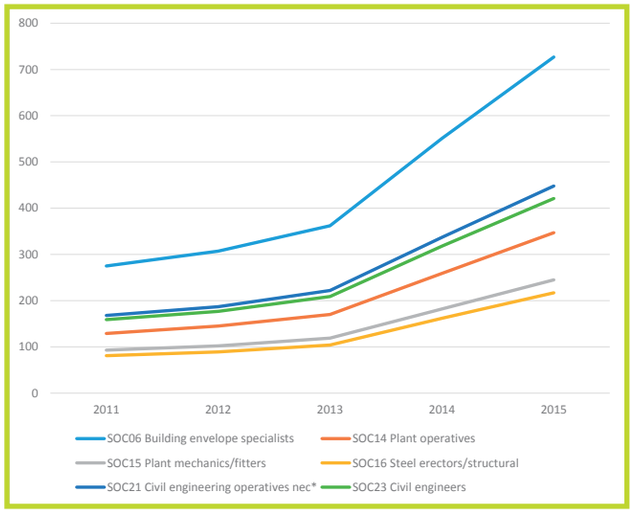


Structural/Building Envelope Trades

Within this group the skills required are specialist, with steel erectors and building envelope specialists already identified as the trades with a skills shortage across other parts of the UK. This group also shows a significant increase in demand. The data shows that 3,612 building envelope specialists (SOC06) were needed in the North West in the year 2013. There was a subsequent increase in demand with 5,497 workers needed in 2014 and 7,257 needed in 2015. Building envelope specialists have the highest demand in absolute numbers within this group. The requirement for building envelope specialists represents 727 training places in the current year. If we take into account the fact that building envelope is not a currently recognised career path at all then there is a great need to supply the median 481 training places required on site every year up until 2018. Another trade within this group that has seen a similar 100% increase in demand over the last two years is steel erectors/ structural specialists (SOC16). In 2013, there was a requirement for 1,065 workers but this has increased to 2,160 in 2015. The average requirement for 2015 to 2018 is set to increase 52% over the previous four year average. The requirement for the civil engineers (SOC23) and civil engineering operatives (SOC21) are both expected to increase by 46% for the 2015-2018 period. Therefore, civil engineering operatives and civil engineers represent an additional skills shortage area and with new projects expected to be added to the pipeline, that increase in demand is expected to be sustained.

Figure 21

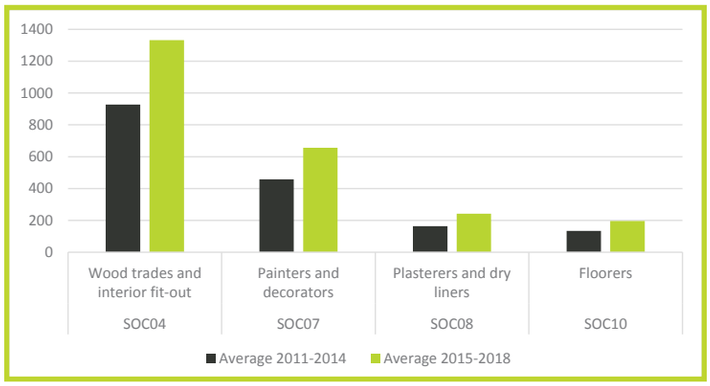


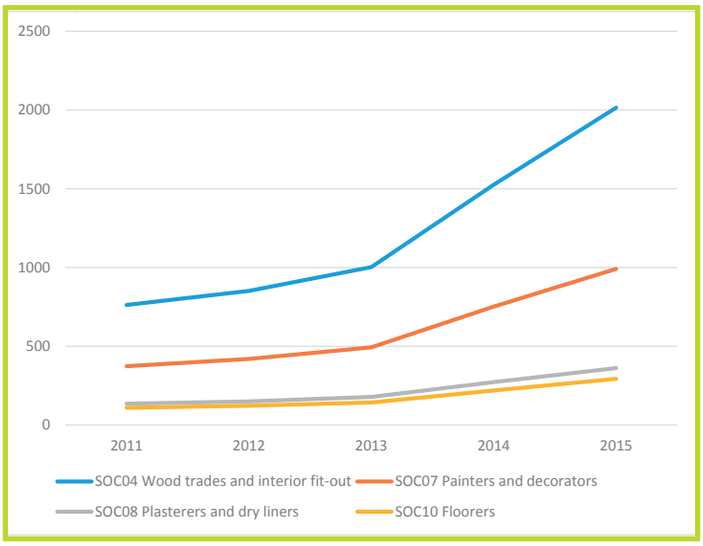


Interior Trades

The 2015 - 2018 demand for trades within this group is 45% more compared to the 2011-2014 average. The situation with the interior trades shows a need to increase skills training for all trades within the group. From 2013 to 2105, the demand for wood trades interior fit-out specialists (SOC04) is set to increase by 100% from 10,012 in 2013 to 15,257 in 2014 and 20,138 in 2015. This trade needs 1008 training places in 2015. Floorers require 292 training places in 2015 and an average of 195 training places on-site every year up until 2018, while plasterers and dry liners require 241 annual training places. This indicates that dry lining continues to develop as a training path in its own right. Demand for plasterers, whilst common as a general trade, is likely to shrink as those people who have historically trained as traditional plasters will be well-positioned to re-train as external cladding specialists, as future demand evolves. Painters and decorators are not traditionally classed as a skills shortage area, but even the natural skill replacement rate requires an average of 655 training places on site every year up until 2018.

Figure 22

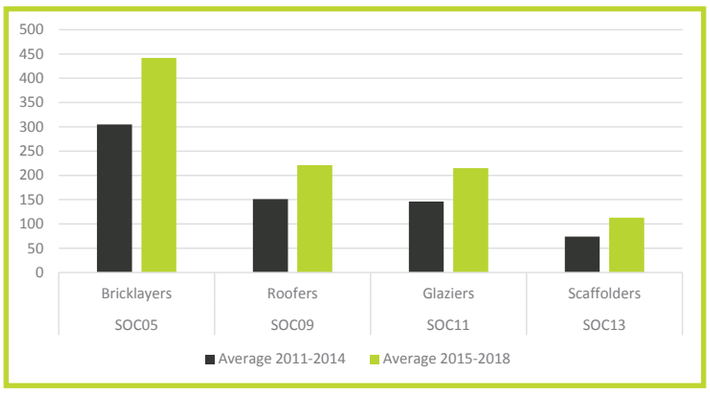


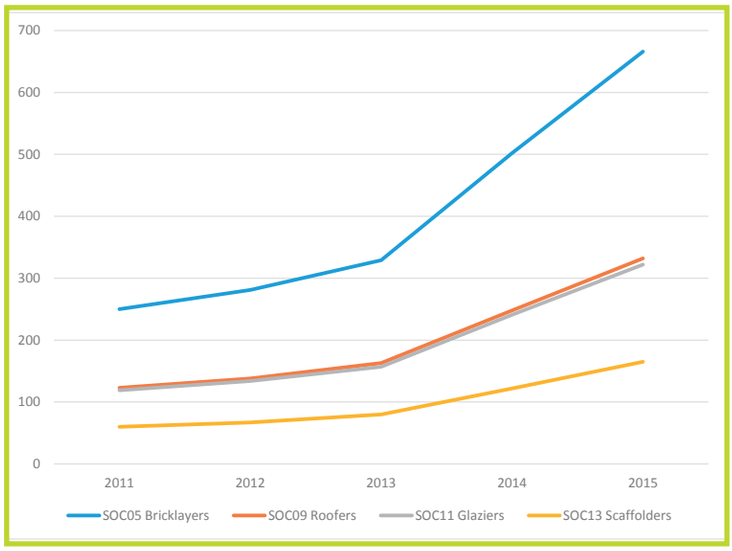


Exterior Trades

The demand for trades within this group has also increased by 100% since 2013. Within these trades there is an increased need for bricklayers (SOC05) with demand at 5,016 workers in 2014 and 6,648 workers in 2015. Bricklayers, although not commonly cited as a rare skill within the construction industry, need 442 training places annually for the years beginning 2015. Compared to the demand for bricklayers, the requirement for other trades within this group is much higher. For 2015, the demand is for 3,309 roofers (SOC09); 3,211 for glaziers (SOC11) and 1,640 for scaffolders (SOC13). The average four year requirement for 2015-2018 represents a 47% increase for roofers, 48% for glaziers and 54% for scaffolders over the 2011-2014 average. Our analysis so far shows that although the need is most pressing for specialist skills, even common trades still require large training requirements to manage the growth in the industry over this period. This consistent increased demand could have a significant impact on the cost of labour for this trade, as discussed earlier.

Figure 23





Mechanical & Electrical

This group includes the building services elements such as electricians, air conditioning, heating and ventilation. The two trades that make up this group both represent areas of historically high demand. The mechanicals and electricals group both show a steady 44% increase in skills requirements over the 2011-2014 average. This could possibly be because refurbishments and general domestic housing maintenance enabled these skills to be maintained over the recession. The analysis shows that in year 2014 there was a demand for 9,463 workers in the electrical trades (SOC18) and 9,714 workers in plumbing and heating, ventilation, and air conditioning trades (SOC19). The requirement for the current year increases to 12,474 for SOC18 and 12,818 for SOC19. For the 2015-2018 analysis period, these two trades respectively require an average of 828 and 847 annual training places; although at the 2015 peak, the two trades require 1,247 and 1,282 training places respectively. What is interesting is that the skills requirement in this group has consistently gone up in the last few years – again 100% since 2013.

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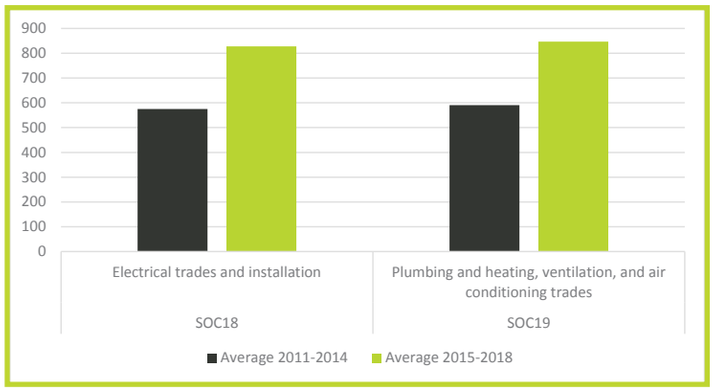
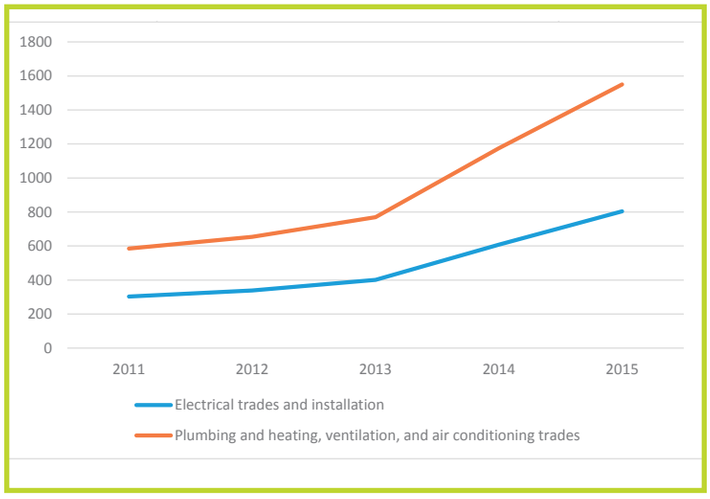
Figure 24

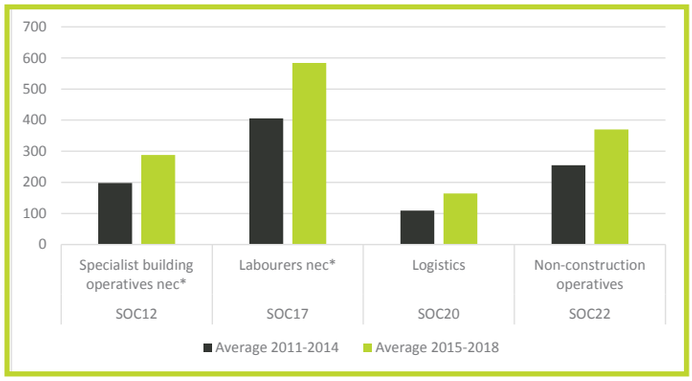


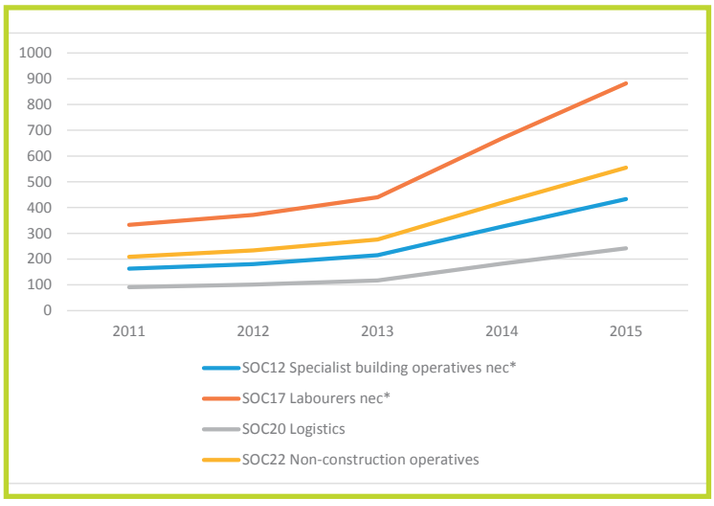


Operatives/Labourers

This group includes those trades that are essential to the smooth running of construction projects, including basic skills such as labourers, alongside more niche skills such as site operatives. Within this grouping there are similar scenarios for all four trades with demand for 2015-2015 set to increase about 45% on the 2011-2014 average. Within this group, labourers (SOC17) have the highest median annual demand at 5,829 workers representing 584 training places. Non-construction operatives (SOC22) also have a great need for training places with an average of 370 annual training places over the forecast period. Logistics (SOC20), despite being the smallest in terms of average yearly volume within this group still needs 164 training places every year until 2018. The median annual need for specialist building operatives (SOC12) is 2,866 workers and 288 annual training places.

Figure 25





Current Training Provision

This report seeks to not only analyse the scale of projects planned for the period 2015-2018 inclusive and determine the labour force and training requirements for their successful delivery, it also seeks to understand the nature of current training provision within the North West and identify those areas, sectors and trades that may require development to successfully support the construction sector in the delivery of those projects. By analysing the average training delivered by the skills system across Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside over the past four years (academic years 2010/11 to 2013/14 inclusive), we are able to determine any significant gaps in specialist trade training as well as any significant oversupply in any trades.

Because of the way data is collected by the SFA, this exercise cannot be fully comprehensive. Many construction qualifications do not align directly with a specific occupation (there are general qualifications in construction that do not contain any one specialism) and there are some trades where skilled labour requirements can be met by utilising supply from other sectors (e.g. non-construction professionals). Other specialisms tend to be entirely degree-led and are not covered within this data set.
Average supply of training to the construction sector over the 2010/11-2013/14 period in the North West was, for those qualifications which align directly to an occupation within our analysis, 22,560 individuals per year. There were an additional 2,248 individuals trained in construction qualifications that do not directly align to an occupation group, or where a specialism could not be accurately identified. It will be noted that the there is a significant variation across skilled trades in terms of over and under-supply with, in some cases, good reasons for those numbers. The very large nominal over-supply of plant operatives is caused by the mandatory requirements for the on-site health and safety elements of NVQ courses in plant operation. However, even allowing for this and the up-skilling of existing employees, there may remain a strong oversupply in this area.

In a similar way, analysis for labourers should be taken as a guideline only as most labourers will not have any formal qualifications. For this reason, analysis for this sector should be against the basic non-competency-based qualifications that are often used as an entry-route into the construction industry. For SOC08 (plasterers and dry liners), the headline figure should also be treated with some caution. Having both of these professions combined together can obscure the fact that the overwhelming majority of qualifications that align to this occupation code are related solely to plastering, with the number of dedicated dry-lining qualifications being extremely small, meaning that the oversupply for just plasterers will be higher than shown and for dry liners the under-supply will be very significant indeed.

Perhaps the single most important finding is the discrepancy between the requirements of industry for onsite competency-based qualifications (NVQs) and the fact that only a minority of individuals are actually enrolled on and completing these sorts of qualifications. Out of the 22,560 individuals trained on average over the past three years, only 7,786 (32%) received on-site competency-based qualifications. This fact can lead to very large variations in the under-supply or over-supply of qualifications when competency is taken into account. Across all qualifications that can be successfully aligned to an occupation code within our analysis, there is an aggregate oversupply of 99% in individuals training in a construction-related qualification within North West against our expected demand in the next four years. However, when allowing for those qualifications that industry recommends (competency-based), this falls to a shortfall of 36%, a gap of nearly 4,500 people. With this pipeline analysis under-estimating the volume of labour required for the future (as visibility of future projects beyond early-2016 is still unclear) and with large amounts of repair and maintenance excluded, the skills gap for industry will, in reality, be even larger. See Figure 26 for a detailed analysis of the current training provision.

Current Training Provision

Figure 26 - Qualifications with FE Route

Occupation	Training Needs 2015-2018	Completed Qualifications	Completed NVQ Qualifications	Deficit/ Surplus
Senior, executive and business process managers	531	450	34	-94%
Non-construction professional, technical, IT, and others	1,371	1,586	18	-99%
Wood trades and interior fit-out	1,331	3,792	1,162	-13%
Bricklayers	442	1,514	315	-29%
Building envelope specialists	481	472	453	-6%
Painters and decorators	655	1,197	333	-49%
Plasterers and dry liners	241	2,200	816	239%
Roofers	221	327	187	-15%
Floorers	195	307	85	-56%
Glaziers	215	266	112	-48%
Specialist building operatives nec*	288	232	143	-50%
Scaffolders	113	474	331	193%
Plant operatives	231	2,441	1,287	457%
Plant mechanics/fitters	165	189	95	-42%
Steel erectors/structural	147	88	88	-40%
Labourers nec*	584	248	0	-100%
Electrical trades and installation	828	906	319	-61%
Plumbing and heating, ventilation, and air conditioning trades	847	3,917	848	0%
Logistics	164	151	34	-79%
Civil engineering operatives nec*	298	210	146	-51%
Non-construction operatives	370	137	0	-100%
Other construction professionals and technical staff	677	706	625	-8%
Surveyors	327	26	1	-100%
	10,722	21,836	7,432	

Qualifications with HE Route

	Training Needs 2015-2018	Completed Qualifications	Completed NVQ Qualifications	Deficit/ Surplus
Construction managers	1,023	301	172	-83%
Civil engineers	280	387	171	-39%
Architects	206	36	11	-95%
	1,509	724	354	

Current Training Provision

PROFESSIONAL SERVICES

The Professional services grouping consisting of six different SOC codes shows an overall qualifications deficit of 80%. For specific trades, the deficit varies from 8% for other construction professionals and technical staff (SOC24) to 100% in the case of surveyors (SOC26). These figures should be treated with caution. The supply for most trades under this group is degree-based and since the SFA dataset used for this analysis does include degree qualifications awarded by Universities and other HE institutions, the actual supply is likely to be more.

STRUCTURAL/BUILDING ENVELOPE TRADES

This group shows an overall 46% over-supply, but there are some very interesting variations amongst the trades that make up this group. The building envelope specialists (SOC06) show an under-supply of 6%, whereas the plant operative trade (SOC14) shows an over-supply of 457%. As explained earlier, this is likely to be a result of the mandatory health and safety training for plant operatives. The civil engineering operatives trade (SOC21) shows an under-supply of 51%, while there is an under-supply of 39% for civil engineers (SOC23). Since most civil engineers are likely to be trained via the degree route, it is possible that the training provision of civil engineers is under-reported in the SFA dataset. The steel erectors/structural trade (SOC16) shows a deficit of 40%. Until early 2014, London was the only place in the UK where this qualification was being trained and it is perhaps not surprising that there is an under-supply outside the London area. The civil engineering trades historically have very little NVQ-based training. There are, however, some new entrants to market, and the training provision is likely to improve.

INTERIOR TRADES

This group includes some trades, which are crucial to meeting the important housing targets for the North West. This group shows an overall over-supply 30%, but this masks under-supply in three out of the four trades that make up this group. For wood trades and interior fit-out (SOC04), there is an under-supply of 13%. Painters and decorators (SOC07) shows an under-supply of 49%. There is a 239% over-supply in plasterers and dry liners (SOC08). However, it is not possible to break the data down further to identify how many qualifications where delivered for plastering as against dry lining. We estimate that more people train as plasterers and it is possible that the overall numbers actually hide a shortage in dry lining skills. The data shows an over-supply of 56% floorers (SOC10).

Current Training Provision

EXTERIOR TRADES

The exterior trades group, consisting of four different trades, shows under-supply in three. This ranges from 48% under-supply in glaziers (SOC11) to 193% over-supply in scaffolders (SOC13). For bricklayers (SOC05), while there is provision for 1,514 annual places, the number of competency-based qualifications is approximately one-fifth of this number at 315. Compared to the training needs, there is a 44% under-supply of bricklayers. There is an under-supply of 15% for roofers (SOC09). For scaffolders (SOC13), the data shows an average annual training provision of 474 places as against 113 needed. When we consider competency-based qualifications, the current training provision is 331 places, equalling 193% oversupply. Since some of these trades are crucial to meeting the housing targets across this region, it is recommended that training providers expand capacity in trades in this group.

MECHANICAL/ELECTRICAL

Two trades make up this group and there seem to be shortages in the electrical trades (SOC18) and just about enough supply in heating, ventilation and air-conditioning (SOC19). The average annual training demand for SOC19 is 847 is places for plumbing and heating, ventilation, and air conditioning trades. There is provision for 3,917 training place of which 848 are competency-based. For electrical trades (SOC18), there is an under-supply of 61%. As against an overall annual training demand of 828 training places, currently 319 competency-based annual places are available. It should be remembered that there are some other generic electrical trade qualifications, which lead to a career as an electrician in the construction industry. It is not, however, possible to accurately estimate how many people who obtain these awards work in the construction industry and hence they have been excluded. There are other specialist qualifications in electrical installations and power systems, which require the trainee to be an electrician. These qualifications have also been excluded.

OPERATIVES & LABOURERS

All the trades that make up this group show an overall under-supply. The data shows 100% under-supply in labourers (SOC17) and non-construction operatives (SOC22). This under-supply could be a result of the lack of specialist training needed for these two trades and the under-supply may be somewhat alleviated by the provision of general construction qualifications. The under-supply in logistics (SOC20) is 79%. There are only 34 competency-based training places as against a requirement of 164 places. For specialist building operatives (SOC12), there is an overall under-supply of 50% with a provision of 143 competency-based training places against a requirement of 288 places. Interestingly, for both SOC12 and SOC20 the total training provision equals the training requirement, but only a portion of the training provision is competency-based thus giving rise to an overall deficit.

Conclusion & Recommendations

Greater Manchester Chamber of Commerce published the first Greater Manchester Construction Sector Pipeline Analysis in November 2013 to better understand the future pipeline of construction activity to support the delivery of its Shared Apprenticeship Scheme. The analysis was found to be useful in understanding both the future pipeline of construction work but also in identifying shortages in training that need to be addressed. This report, Construction Pipeline Analysis for the North West 2015 provides evidence of the scale of the construction activity in the North West. The knowledge of future activity will provide clarity on both the requirements and opportunities over the coming years. **We recommend that construction companies, policy makers and training providers should respond to the key issues highlighted by this report.**

This report makes the important finding that the pipeline of construction projects in the North West compares well with the pipeline for the South East. The pipeline in the North West is led by some large infrastructure projects in rail, roads and ports. This should improve the overall business environment in the North West. Despite the quantum of housing projects planned, it appears difficult for the North West to meet the planned housing target of 23,000 new houses per annum. Furthermore, housing projects are only a relatively smaller portion of overall pipeline in some counties in the North West. With the population in the North West experiencing steady growth, the housing shortage could become an acute problem. **We, therefore, recommend that there is clear emphasis on house building and a flexible planning approval process to significantly increase the housing stock in the North West. Modern construction methods can also be employed to meet the housing target.**

This analysis in this report confirms that the construction sector has recovered well post-recession and that demand for construction labour is picking up. The demand for construction labour has gone up 100% since 2013 in several occupational trades. The average requirements for the four years beginning 2015 is 45% more than the average requirements for the previous four years. With several high value projects planned for the North West, the demand for construction labour is expected to steadily increase over the next few years. The shortage of skilled labour is having two serious implications. Discussions with construction sector employers suggests that the deficit in competency-based training is causing significant wage inflation. Additionally, the construction projects delivered in the recent past have had a proportion of imported labour. As such, **we recommend that both construction employers and training providers must address the shortage of on-site competency based training**

The Social Value Act sets out how public procurement can be used to secure social value through contracts. One way of obtaining social value in construction projects is by delivering more apprenticeships. In construction, a majority of the apprenticeships are delivered by the supply chain. Small businesses, which make up the bulk of the supply chain, often struggle to meet the additional cost. The key to securing social value is through the procurement process. Therefore, **we recommend that a training budget is made available in public sector construction projects either as a separate fund allocation or by including training costs in the contract value.**

Conclusion & Recommendations

The certainty that the pipeline analysis delivers should enable employers to have the additional confidence required to deliver apprenticeship opportunities. Training providers, too, must seek to work more closely with industry and its partners to understand the sector's future needs and deliver responsive, market demand-led training courses. We hope that this report facilitates more intelligent debate about how to meet the increased demand for construction labour and develop specialist skills in a sustainable manner. The Chamber operates a shared apprenticeship scheme through the Construction GTA and has delivered more than 300 apprenticeships in the Greater Manchester region. The North West Construction Hub works with the Chamber on this scheme. The solution is for industry and education to work more closely in a truly collaborative way. Towards this aim, we recommend that organisations use an intermediary training vehicle such as the Chamber's shared apprenticeship scheme to deliver the competency-based training in the trades that industry demands. But such training cannot be delivered without simultaneously addressing the funding issue. **We make two recommendations for this - there should be greater flexibility around funding for training, including fund allocations for upskilling existing workers and retraining those who come back to the construction industry. Furthermore, training providers should be offered incentives to deliver work-based learning in collaboration with construction employers.**

In conclusion, Greater Manchester Chamber of Commerce believes that the report plays a useful part in drawing attention to the skills requirement of the construction sector. The Chamber engaged in delivering pipeline analyses for several regions in the UK. The numerous regional analyses the Chamber has conducted show that the outlook for construction remains positive across the UK, although it is not possible to gain a full and accurate pipeline beyond the next two to three years. The report makes a significant contribution by highlighting the areas of skills shortage, so that remedial measures may be designed by policymakers. There are no quick fix solutions to the construction skills shortage. But by implementing the recommendations that this report makes, we can address wage inflation in the construction industry while ensuring that the delivery of construction projects in the future is not hampered by the lack of skilled labour.

Wider potential use of the pipeline data

“ This paper has outlined how powerful a future construction and infrastructure pipeline is for forecasting the future labour requirements in the North-West – and how this data can be used by those agencies and contractors who can affect future delivery of labour and hence the improvement of construction and infrastructure delivery.

We can anticipate many other powerful uses of this pipeline, including:

- *To help identify hot-spots of activity and pinch points in supply to allow the promotion of smoothed investment planning across sectors by major clients in the region;*
- *To potentially forecast the impacts of demand scenarios derived from the pipeline on future outturn costs, and help to mitigate the impacts of cost inflation;*
- *To encourage major clients in the region to invest more in the commissioning phase of programmes and projects, as outlined in IUK Project Initiation Routemap;*
- *To encourage the major clients in the region to adopt the set of Common Procurement Principles being developed by government;*

All of the above would potentially encourage changed behaviours and new business models from suppliers. For example, suppliers may invest more in their own workforce, (or their sub-suppliers), improve payment times, and may help reduce false self-employment.

SOCIAL VALUE

Further in consideration of the recent Review of the Public Services (Social Value Act) 2012, and especially the amendments to the EC Procurement Regulations, the use of social and environmental criteria in procurement has been encouraged. If this public sector purchasing power was harnessed in the North-West (£2.9Bn) and was spent with a view to securing beneficial social and environmental outcomes, it would, inter alia:

- *mitigate against any overall falls in this spend during the next parliament*
- *help prepare the suppliers for more inward, private sector investment*
- *stimulate local growth by increasing the spend that passes, directly and indirectly, to supply chains ”*

Professor Peter McDermott
School of Built Environment
University of Salford
Contact: 0161 295 4808
p.mcdermott@salford.ac.uk

University of Salford MANCHESTER

Construction GTA

The Construction GTA (GTA) launched as a Shared Apprenticeship Scheme in February 2012, with the initial aim of generating a sustainable programme of work for apprentices by pooling local authority capital expenditure, and to encourage contractors to collaborate and 'share' apprenticeship training.

With local authority capital budgets reducing, and members of the supply chain unable to commit to training long term, the shared apprenticeship scheme enables organisations to pool their projects into programmes making more sustainable training opportunities for apprentices.
This approach is dependent on us having good visibility of the construction pipeline to ensure the apprentices have enough work to complete their training. Working with our Contractors Council our GTA shared apprenticeship co-ordinator monitors the training providers and ensures that apprentices have the right work experience to enable them to achieve full qualification in their chosen trade or profession.
The emphasis now is very much about identifying sustainable apprentice journeys as opposed to generating lots of numbers or 'new starts'. The shared apprenticeship model is recognised by CITB when counting targets for projects with National Skills Academy status

How the Scheme Works

The GTA's Shared Apprenticeship and Training Model launched in February 2012 in order to generate and sustain additional Apprenticeship & Training opportunities on the Greater Manchester Construction pipeline. It is becoming increasingly difficult for SME's to commit to two or three year training for an apprentice because the work is disjointed and there is a risk that apprentices could become displaced. In this arrangement, the GTA becomes the employer of the apprentice or trainee and the on-the-job training is shared amongst various host employers that are members of the GTA.

What are the benefits to members?

- Engage with a flexible and responsive network of partners
- Create new employment & training opportunities
- Fulfil employment & skills targets as set by the client procurer
- Recruit from a pool of talented apprentices
- Positively raise the profile of your organisation
- Enable local people to achieve their potential

In this arrangement, the GTA works with a host employer to discuss how long they might be able to provide a training opportunity for so they are not having to over commit. We will also work with whichever training provider the client or host employer has requested. The timesheet, payroll and invoicing function is carried out by Kinetic who are the main point of contact for any employment related query.

Gerry Taylor - GTA Project Co-ordinator
GM Chamber of Commerce
gerry.taylor@gmchamber.co.uk
07841 080901

CONSTRUCTION

PROPERTY AND CONSTRUCTION MEMBERSHIP

PIPELINES, PROCUREMENT AND PAYMENT CAMPAIGN

APRIL – JUNE

PIPELINES

What you said:

- Visibility of pipelines is too low.
- Clients and Contractors are too protective of their data.

Our Response:

- Launching the first North-West Construction Pipeline.
- Will hold a North West Pipeline Round table with local government, training providers and construction companies.
- Better access to market intelligence.

Member Benefits:

- Free copy of the North West Pipeline (£75 to non-members).
- GMCC are influencing local policies to benefit the sector which you can get involved in.
- Discount for GMCC members for Barbour ABI Data.

PROCUREMENT

What you said:

- Procurement processes exclude SMEs.
- There is too much variation across procurement practices between public and private sector.
- There needs to be greater scope for dialogue between clients.

Our Response:

- Regular meet the buyer events.
- Provide training on procurement and bid writing for its members.
- Facilitate sharing of best practice through our construction clubs.

Member Benefits:

- Discounted rates for our construction clubs, where you can 'meet the buyer':
  Construction Club Stockport and Tameside 29th April
  Construction Club Oldham and Rochdale 5th May,
  Construction Club Wigan Bolton and Bury 13th May
- Training on Procurement and Bid Writing.

PAYMENT

What you said:

- Prompt payment commitments are not being enforced.
- The low margin industry is a poor set up for innovation.

Our Response:

- Hold a Fair Payment Round table with local government, training providers and construction companies.

Member Benefits:

- GMCC are influencing local policies to benefit the sector on your behalf.
- Be part of a construction member fair payment group to influence local policy.
- Work with clients to adopt the Fair Payment Charter.

Greater Manchester Chamber of Commerce
Connect. Communicate. Create.

For further information please contact:
Katherine Eaton, Campaign Manager
E: Katherine.Eaton@gmchamber.co.uk
T: 0161 393 4352

gta CONSTRUCTION

GMCC Construction members: FREE
GMCC members: £25.00
Non-members: £75.00

For further details about information contained in this brochure, contact:

CHRIS FLETCHER
Director of Policy and Communications
chris.fletcher@gmchamber.co.uk
@fletcherchris

CHRISTIAN SPENCE
Head of Research & Business Intelligence
christian.spence@gmchamber.co.uk
@GMCCResearch

JOCELYNE UNDERWOOD
Construction Membership Manager
jocelyne.underwood@gmchamber.co.uk
@GMChamberGTA

SUBRAHMANIAM KRISHNAN HARIHARA
Research & Business Intelligence Analyst
Subrahmaniam.KrishnanHarihara@gmchamber.co.uk
@GMCCAnalytics

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