CONSTRUCTING
EXCELLENCE
South West

Construction
by numbers

Construction Note 1

Innovation Best Practice Productivity

Construction by numbers

Foreword

Constructing Excellence South West came into being to bring about positive change in the South West construction industry. The construction agenda remains challenging and requires a change of heart and minds to deliver improvement. Challenging the way in which the Construction Industry and other bodies in the country currently behave - collaboration and innovation are key.

If we are to see improvement in the Construction Industry, then accurate data will be key to monitoring change. How else will we know if change has delivered improvement? Indeed, taking a step back, how do we know which areas need changing if there is no evidence?

With Brexit looming, it is timely to take stock of the current situation as it will also allow future comparison and analysis on the impact of Brexit and other initiatives.

The data sets used here are those publicly available and published by the Office of National Statistics (ONS)[1], primarily between 2009 and 2019 (but some are to early dates). There are a surprising number of data sets, with slightly differing methodology or approach. Our aim is to simplify them so at to make them meaningful to the industry.

Don't be surprised if some of the values don't add up exactly, in order to protect against disclosure of personal information ONS slightly amend some of the information. Additionally, many tables round figures and have caveats; exceptions and methodology changes, which we have tried to work through to present a balanced report. This information is of a general nature and does not consider the specific objectives, commercial situation or particular needs of any particular group or person. Please take into account your specific needs before acting on this information. No representation or warranty is given as to the accuracy or completeness of this information. Consequently, any person acting on it does so entirely at their own risk.

Please also note that any views and opinions expressed may be changed without an update.

We welcome your views and comments, please feel free to send them by email to:
admin@constructingexcellencesw.org.uk with the phrase 'Construction by Numbers' as the header.

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Summary

Economy

-1.3%

UK GDP has contracted in Q2 2019 and the services sector slowed to its lowest rate in three years. In July 2019 construction output fell in the same period at negative 1.3%.
In Q4 2018 the South West had 0% GDP growth during the same period the construction sector fell by 2.8%

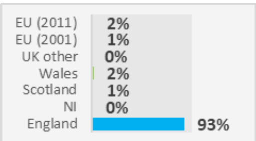
81.0%

For the three months ending August 2019, the highest employment rate estimate in the UK was in the South West (81.0%)

-4

The 2018 gender pay gap on a median weekly full-time basis in the South West was 17% compared to 13.7% in the GB. Since 2009 the gap has decreased by 4 percentage points while GB has decreased by 2.6 percentage points.

Population



The population of the South West is 8.7% of GB. 93% of South West residents were born in England, and in 2018 50.17% of the population (aged 16-64) are female.

Construction

5th

Construction is the 5th largest industry in the South West with 8% of the population directly employed within the construction industry, which is above the GB rate of 7.7%.

+30%

While the overall per capita output for all construction work in South West has increased by 30 percentage points from 2009 it is 80% of the equivalent GB value. The gap appears to be slightly widening.

8.4%

Of the 187,227 in full time employment in South West construction, only 8.4% are female as compared to 9.3% in GB.

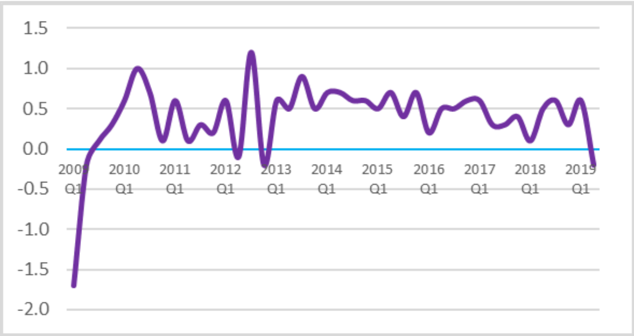
99%

99% of South West contractors can be categorised as SME’s. 96% of them employ less than 13 people. In 2018 54% are sole contractors or employ 1 person.

The national context

GDP

Gross Domestic Price (GDP) index measures both the economy's total income and total expenditure on goods and services. GDP therefore informs on the income and expenditure of the average person in the economy and is deemed a measure of the economic well-being of the average individual. It's not perfect, but it is a measure. Here is the quarterly GDP (as issued by ONS) between 2009 and 2019.



August 2019.

These are extracts from the most recent ONS update.

Monthly gross domestic product (GDP) growth was negative 0.1% in August 2019, following growth in both June and July 2019.

4. GDP fell by 0.1% in August 2019

Table 2: Breakdown of GDP and its components' growth rates by month

	June 2019	July 2019	August 2019
GDP	0.1	0.4	-0.1
Index of Services	0.2	0.3	0.0
Index of Production	0.1	0.1	-0.6
Manufacturing	-0.3	0.4	-0.7
Construction	-1.1	1.8	0.2
Agriculture	0	0	-0.1

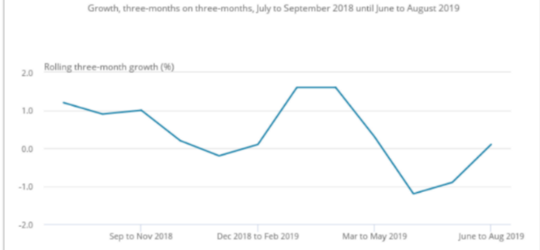
Source: Office for National Statistics – GDP monthly estimate

The monthly growth rate for GDP is volatile and so it should be used with caution and alongside other measures, such as the three-month growth rate, when looking for an indicator of the longer-term trend of the economy. However, it is useful in highlighting one-off changes that can be masked by three-month growth rates.

Rolling three-month growth in the construction sector was 0.1% in August 2019, following a fall of 0.9% in July. This growth was driven by private new housing, public housing repair and maintenance, and private commercial.

Figure 5: Output in the construction industry returned to growth in the three months to August 2019

Growth, three-months on three-months, July to September 2018 until June to August 2019



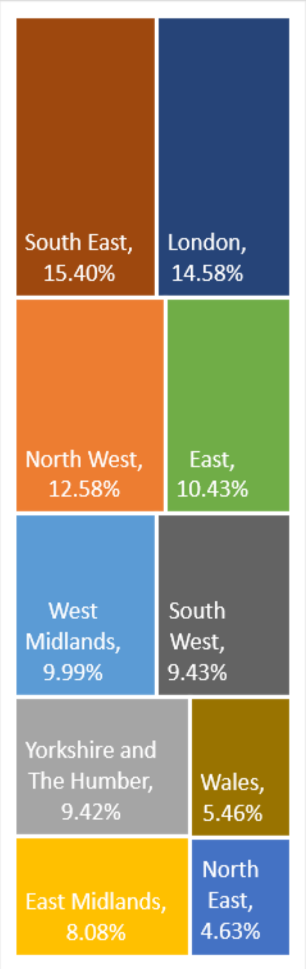
Month-on-month growth in construction was 0.2% in August 2019, following growth of 1.8% in July.

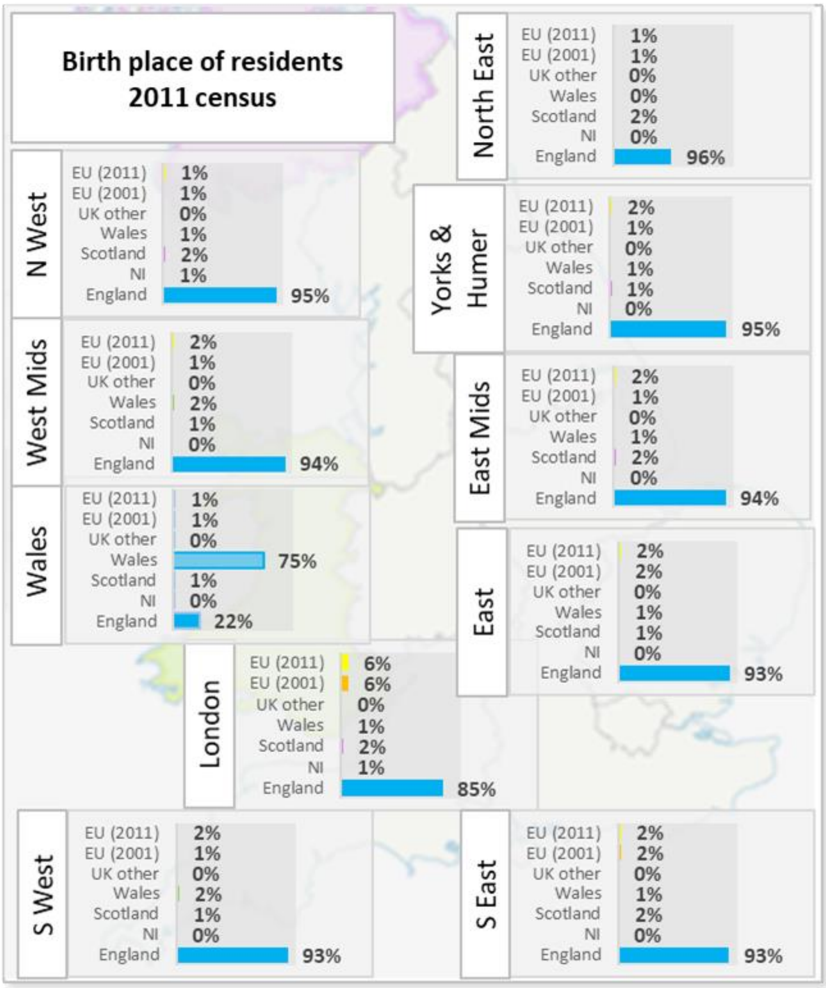
The largest positive contributor to monthly growth was non-housing repair and maintenance, private commercial and public new housing.

Population

Birthplace of residents

These graphics show the population share in England and Wales (total of 56,075,912) as of the 2011 census, and the birthplace of residents.

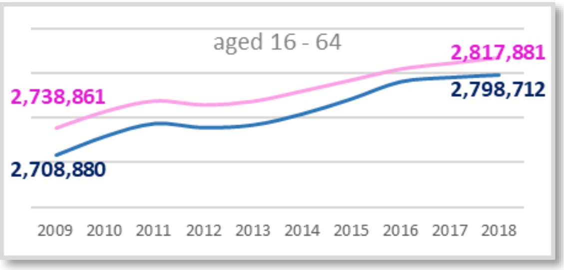


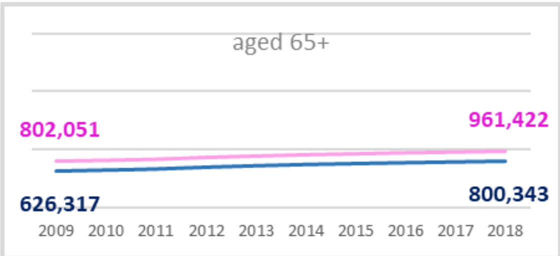


In 2011 the highest presence of European residence is in London with 12%, while in the South West it was only 3% of the population with 93% born in England

Current population by age and gender

The population of the South West is:-

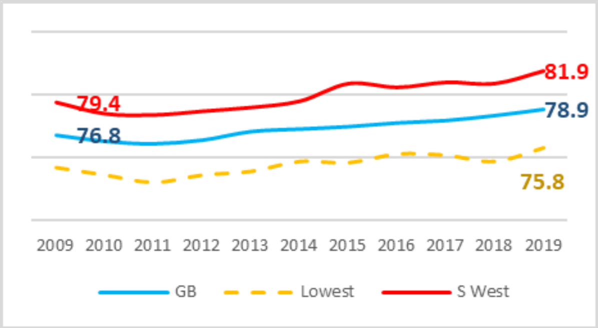


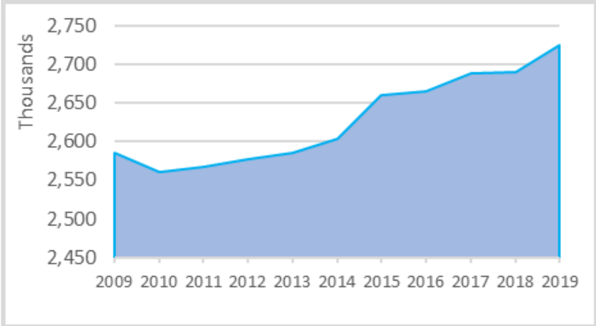


Employment rate

These graphs show the employed labour force rate in the South West – all sectors (economic active aged 16 - 64).

The highest number employed was in 2019.

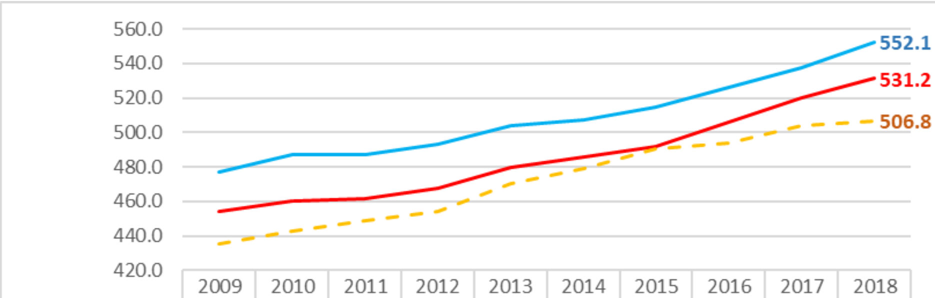




Weekly earnings

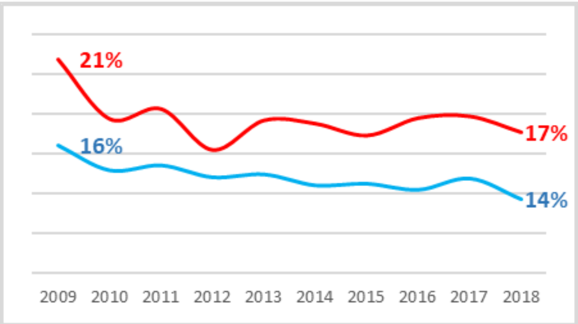
GB and South West

This graph shows the median gross weekly earnings for all sectors within the South West, it also shows the GB average and the current lowest region.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
S West	454.0	460.3	461.5	467.4	480.0	485.5	492.1	505.8	519.8	531.2
Nat av	476.8	486.9	486.9	493.0	504.0	507.5	514.8	526.2	537.4	552.1
Lowest	435.6	443.1	449.1	454.4	470.1	479.1	490.5	493.9	504.1	506.8
Highest	627.4	642.2	648.4	652.1	654.8	660.0	659.7	670.8	691.1	713.2

Gender pay gap



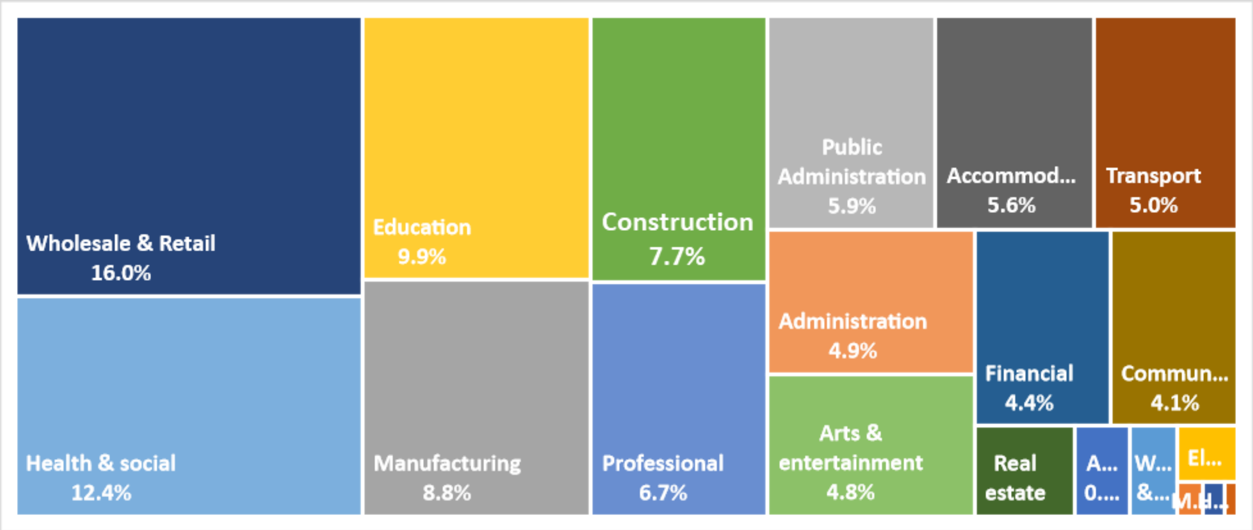
The median full-time weekly pay (without overtime) figures for the South West suggests the gender pay gap in the South West improved significantly between 2009 and 2012 but has increased since then. The current rate of 17% is 3 percentage points higher than the current GB value.

Industry sector distribution

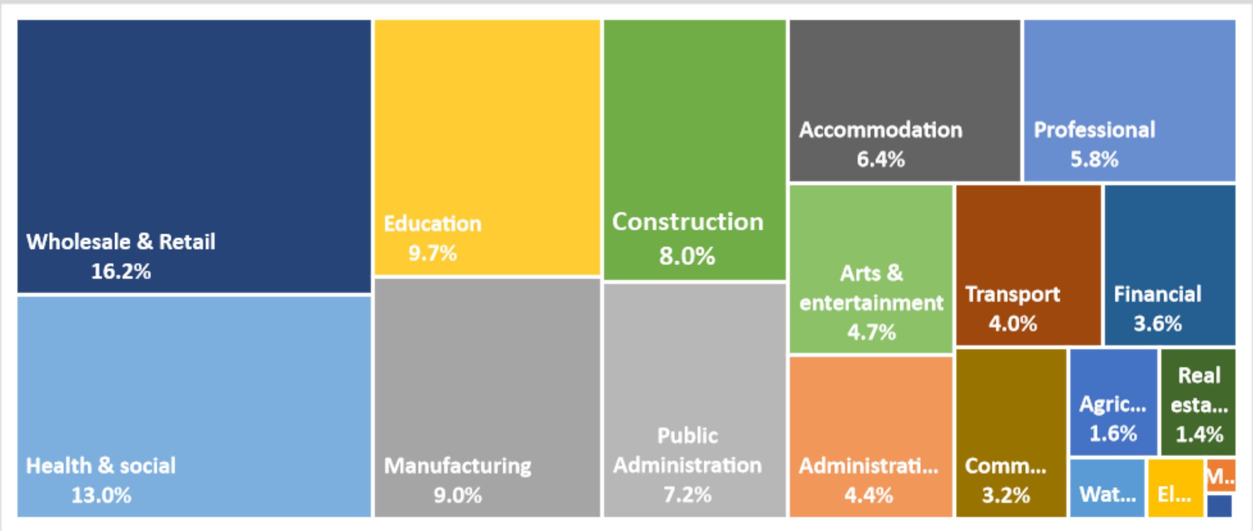
The 2011 census data classified residents aged between 16 and 74, in employment. In England 7.7% are directly employed in construction. As many other sectors depend on construction manufacturing; public administration and professionals, the impact of construction is considerably higher. The ONS state*:*

Construction is a naturally volatile industry and is responsive to fluctuations in both consumer and business confidence, as well as economic variables, such as interest and exchange rates. The construction industry accounted for 6% of gross domestic product (GDP) in 2017, and influenced some of the main economic indicators, including inflation, employment and GDP itself.

Industry sectors in England



Industry in the South West



The picture in the South West is slightly different to England with 8.0% of the working population directly in construction.

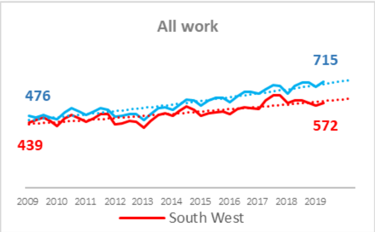
Construction in the South West

Key outputs in the South West

In looking at the various data sets published by ONS we have considered a new indicator that describes the financial output in relation to the population i.e. per capita. This approach offers a more balanced view than reporting the cash value alone.

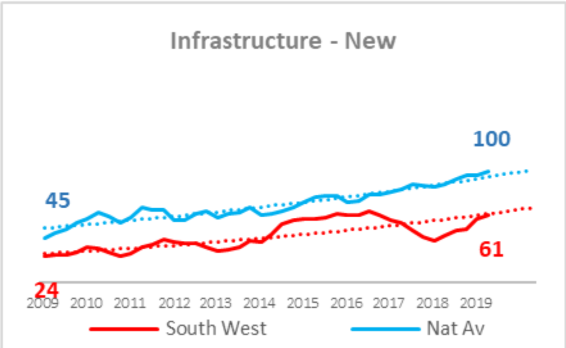
Output is defined as the amount chargeable to customers for building and civil engineering work done in the relevant period, excluding Value Added Tax and payments to subcontractors. The category types are described in Appendix A – Definitions; Type of Work.

Construction output is an important economic indicator and is used in the compilation of the output measure of gross domestic product (GDP). Here is a selection of some of the key per capita output data for South West (Quarter up to August 2019) with the national average to provide a baseline comparison.



While the overall per capita output for all construction work in South West has increased slightly (30%) from 2009 it is 80% of the equivalent GB value. The trend line suggests the gap appears to be slightly widening.

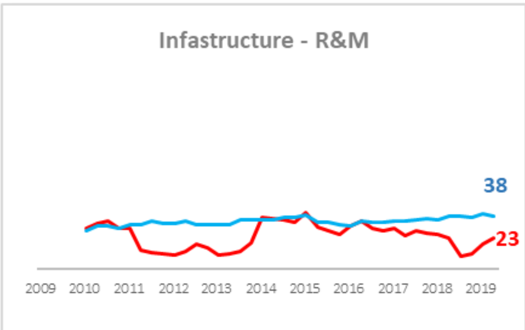
Infrastructure per capita



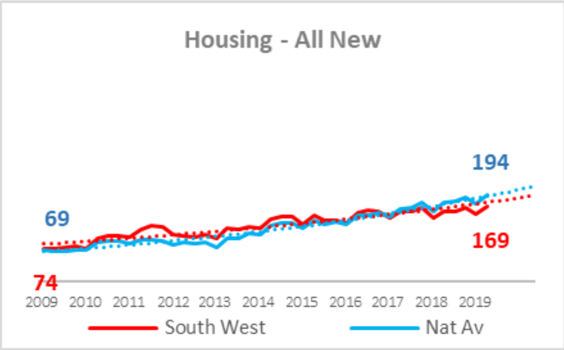
	2009	2019
London	79	198
East Midlands	33	148
Scotland	77	139
West Midlands	31	128
North West	50	111
South East	44	103
East	34	65
South West	24	61
Yorkshire and Humber	44	60
Wales	21	48
North East	7	38

The highest output per capita in South West new infrastructure work was in 2016 (65)

2010 was the first year that Infrastructure repairs and maintenance records were made available. Infrastructure R&M per capita has seen major variations. The highest output was in 2015 (40).



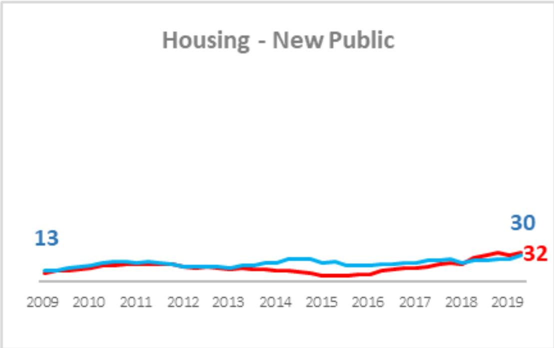
Housing per capita

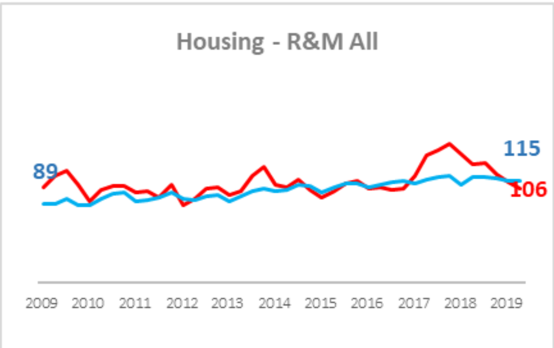


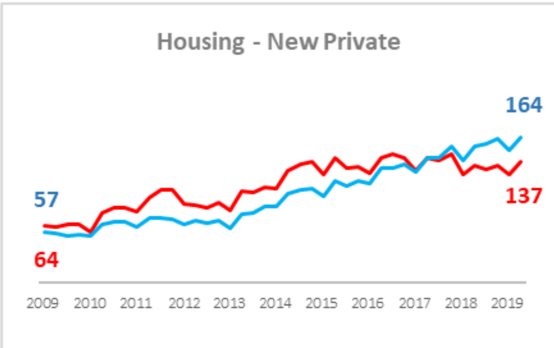
	2009	2019
London	94	463
North West	78	280
South East	118	268
East	74	194
Scotland	100	178
West Midlands	59	176
South West	74	169
Yorkshire and Humber	54	159
East Midlands	52	96
North East	34	87
Wales	32	64

There is a steady increase in new house building nationally, the per capita rate of the South West follows closely the national average.

This quarter sees the highest output in new Housing in the South West.
Private schemes are still the major contributor.

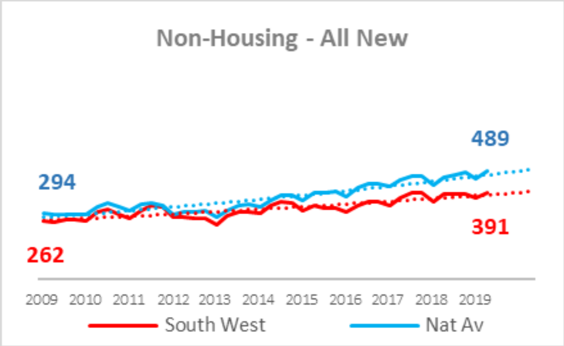






Non-Housing per capita

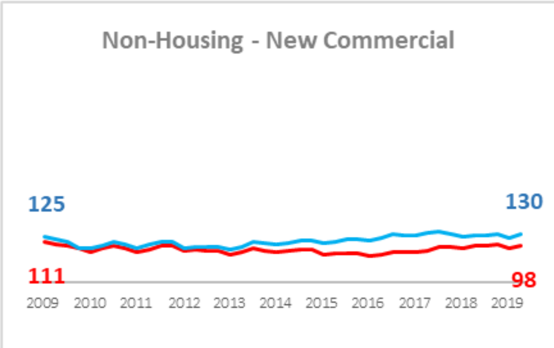
For clarity, Non-Housing excludes Housing and Infrastructure outputs.

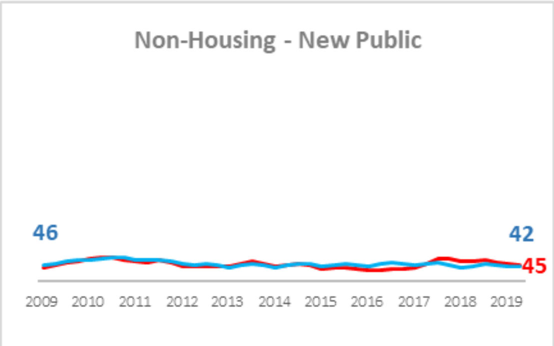


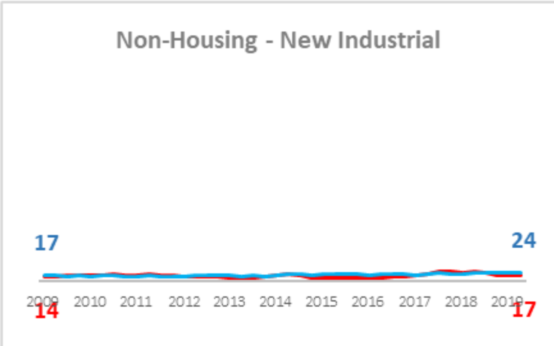
	2009	2019
London	636	1,161
South East	473	658
North West	348	618
West Midlands	241	483
Scotland	331	472
East	261	434
South West	262	391
East Midlands	196	381
Yorkshire and Humber	267	371
North East	136	207
Wales	128	202

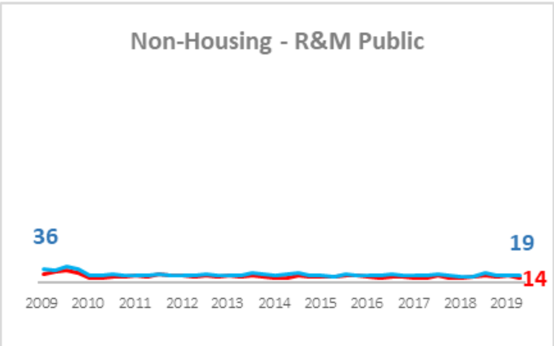
The Non-Housing per capita output in the South West is similar to the national average but has fallen away slightly since 2015.

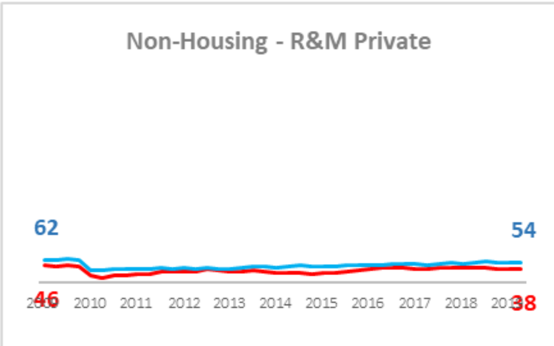
The major contributor to this ouput is currently new commercial properties.







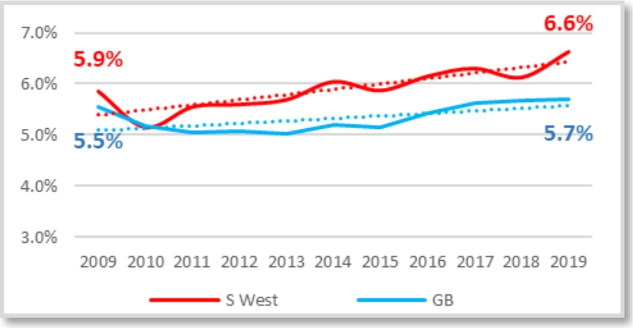




Construction jobs

The workforce jobs data is the number of jobs by industry sector, our per capita approach compares this number against the population aged 16 to 64. This gives a per capita percentage value by region.

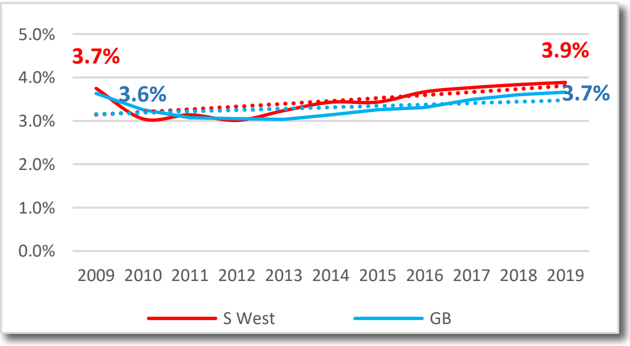
How many construction jobs are there?



There there has been a slight 0.2 percentage points increase in the GB per capita value over the period. The South West has increased by 0.7 percentage points and is now 6.6% and is greater than the GB value which is currently 5.7% of the population.

2019 is the highest with value with 224,494 jobs.

How many construction jobs are employees?

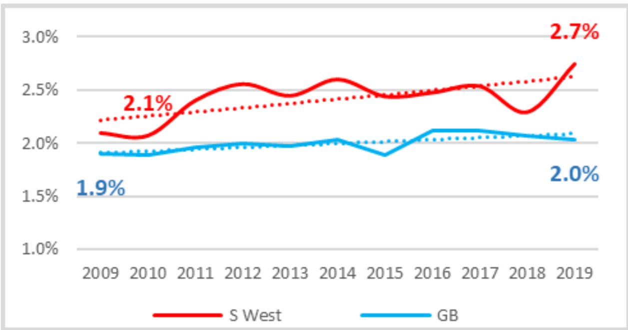


There has been very little movement in the GB figures for employee construction jobs, increasing only 0.1 percentage point.

This is replicated in the South West region raising to 3.9%, 0.2 percentage points higher than the GB figures.

Again 2019 is the highest with 131,480 employee jobs.

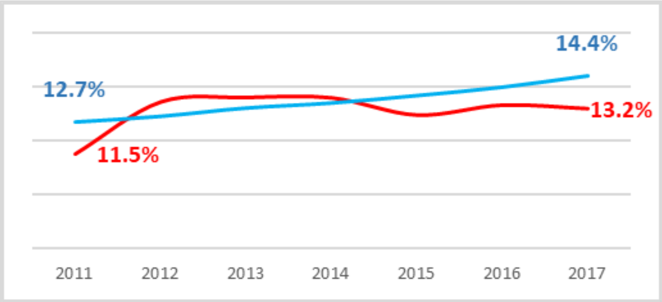
How many are self employed?



A similar trend can be seen with the GB per capita self employed figures, increasing by 0.1 percentage point over the period. The South West figures have been increasing steadily (apart from a dip in 2018), and the trend line suggests that the gap is increasing.

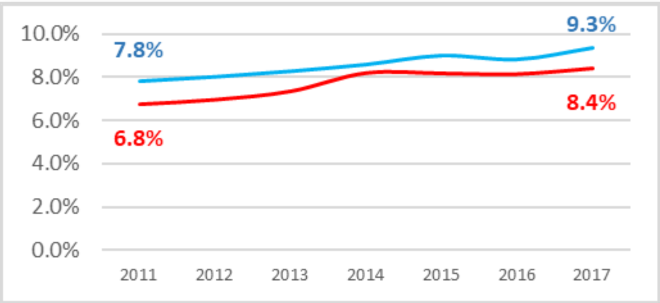
Again the highest value is in 2019 with 92.729 elf emplyed jobs.

How many women are in construction?



A slow but steady increase in the GB numbers, 1.7 percentage points in the period while in the South West the numbers have fluctauted and in 2017 was **13.2%** 1.2 percentage points below the GB average.

How many women are full time in construction?



Nationally, the percentage of women in full-time employment in construction in the GB has marginally increased by 1.5 percentage ponts to **9.3%** between 2011 and 2017. The rate of change in the South West reflects the national figures increasing by 1.6 percentage points to **8.4%**.

CONSTRUCTING EXCELLENCE South West

Reference

- Gross Domestic Product: Quarter on Quarter growth: CVM SA % - Sept 2019
- Output in the Construction Industry: subnational and sub sector: Quarterly non-seasonal adjusted type of works and current prices, Great Britain – released 10 Oct 2019
- GDP first quarterly update UK: April to June 2019 from ONS – full report here
- GDP monthly estimate, UK: June 2019 from ONS – full report here
- Population data from table KS204EW - Country of birth, from Nomis (ONS).
- Average (median) gross weekly earnings by UK country - English region and year (£) here
- Gender share data from table KS101UK - Usual resident population, from Nomis (ONS).
- Population estimates – National population estimates (by age and gender) from Nomis (ONS)
- Industry distribution data from table QS605UK – Industry, from Nomis (ONS).
- Employment rate from CDID -LF24 - Employment rate (aged 16 to 64, seasonally adjusted)
- ONS annual survey of hours and earnings - resident analysis; Median earnings £ for employees living in the area.

Appendices

Appendix A – Definitions; Type of Work

Infrastructure

Water

Reservoirs; purification plants; dams (except hydroelectric schemes); aqueducts; wells; conduits; water works; pumping stations; water mains; hydraulic works.

Sewerage

Sewerage disposal works; laying of sewers and surface drains.

Electricity

All buildings and civil engineering work for electrical undertakings – e.g. power stations, dams (and other works on hydroelectric schemes), substations, laying of cables, and the erection of overhead lines.

Gas

Gas works; gas mains; gas storage.

Communications

Post offices; sorting offices; telephone exchanges; switching centres; cables.

Air transport

Air terminals; runways; hangars; reception halls; radar installations; perimeter fencing, etc. for use in connection with airfields.

Railways

Permanent way; tunnels; bridges; cuttings; stations; engine sheds; electrification of surface and underground railways.

Harbours (including waterways)

All works, and buildings directly connected with: harbours; wharves; docks; piers; jetties (including oil jetties); canals and waterways; dredging; sea walls; embankments; water defences.

Roads

Roads; pavements; bridges; footpaths; lighting; tunnels; flyovers; fencing.

Public Sector Housing

Local authority housing schemes; hostels (except youth hostels); married quarters for the services and police; old peoples' homes; orphanages and childrens' remand homes; the provision within housing sites of roads and services for gas, water, electricity, sewage, and drainage.

Private Sector Housing

All privately owned buildings for residential use – e.g. houses, flats and maisonettes, bungalows, cottages, vicarages – and the provision of services to new developments.

Non-housing excluding infrastructure

Factories

Factories; shipyards; breweries; chemical works; coke ovens and furnaces (other than those at steelworks); skill centres; laundries; refineries (other than oil); workshops; Royal Mint (in public sector).

Warehouses

Warehouses; wholesale depots.

Oil

Oil installations, including, refineries; distribution pipelines and terminals; production platforms (but not modules or rigs).

Steel

Furnaces, coke ovens, and other buildings directly concerned with the production of steel (excludes offices and constructional steelwork).

Coal

All new coal mine construction, such as: sinking shafts; tunnelling; works and buildings at the pithead which are for use in connection with the pit. Open cast coal extraction is excluded.

Schools and colleges

Schools or colleges, including technical colleges and institutes of agriculture, but excluding medical schools and junior special schools (which are classified under 'Health'). Schools and colleges in the private sector are considered to be those financed wholly from private funds, such as some religious colleges, and their halls of residence.

Universities

Universities (including halls of residence); research establishments.

Health

Hospitals (including medical schools); clinics; surgeries (unless part of a house); medical research stations (except when part of a factory, school, or university); welfare centres; centres for the handicapped and for rehabilitation; adult training centres and junior special schools.

Offices

Office buildings; banks; embassies. Local and central government offices (including town halls) are assigned to the public sector, as are police headquarters.

Entertainment

Theatres; concert halls; cinemas; film studios; bowling alleys; clubs; hotels; public houses; restaurants; cafés; holiday camps; yacht marinas; dance halls; swimming pools; works and buildings at sports grounds , stadiums, and other places of sport or recreation and for commercial television; betting shops; youth hostels and centres. Service areas on motorways are also classified in this category, as the garage is usually only a small part of the complex which includes cafés and restaurants.

Garages

Buildings for storage, repair, and maintenance of road vehicles; transport workshops; bus depots; road goods transport depots; car parks.

Shops

All buildings for retail distribution – e.g. shops, department stores, retail markets, showrooms.

Agriculture

All buildings and work on: farms; market gardens; horticultural establishments such as barns; animal houses; stores; greenhouses; boiler houses; agricultural and fen drainage; veterinary clinics; and fencing for the above. Does not include buildings solely or mainly for retail sales (which are included under 'Shops'), or houses.

Miscellaneous

All work not clearly covered by any other heading. This includes: fire stations; barracks for the forces (except married quarters, which are classified under 'Housing',); naval dockyards; RAF airfields; police stations; prisons; reformatories; remand homes; borstals; civil defence work; UK Atomic Energy Authority work; council depots; public conveniences; museums; conference centres; crematoria; libraries; caravan sites, except those at holiday resorts; exhibitions; wholesale markets; Royal Ordnance factories.

Repair and Maintenance

This concerns work which involves either repairing something which is broken or maintaining it to an existing standard. For housing output, this includes, repairs; maintenance; improvements; conversions (e.g. from a house to multiple flats); extensions; alterations; and redecoration. For other output, this includes, repairs; maintenance; and redecoration.