STRATEGIC BRIEFING

# The construction skills crisis.

How to think about it strategically. What the numbers actually say and what a housebuilder can do about it.

2026

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# Inside this briefing.

The construction skills shortage has been a fixture of sector commentary for a decade. Under the 1.5 million homes target the gap has widened, and the Development Index 2026 records sector confidence as low or very low across almost every builder surveyed. This briefing sets out what the actual position is, why the standard responses are not working at the pace needed, and where the productive strategic responses sit for individual builders and the industry collectively.


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**Who this is for**

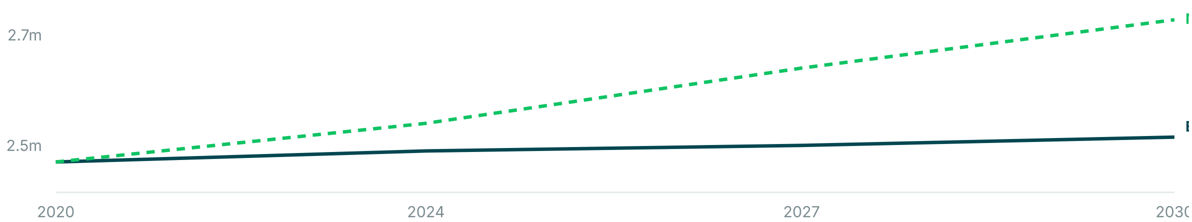
Housebuilder CEOs, HR and operations directors, boards, principal contractor leadership, housing association executives commissioning delivery, and industry bodies, whose delivery capacity depends on skilled construction labour.

# The numbers: what the skills crisis actually is.

UK construction employs around 2.6 million people. Industry forecasts project growth to almost 2.7 million by 2030 to meet the 1.5m homes target, infrastructure pipeline and FHS-driven retrofit programme, requiring 41,000 to 48,000 additional workers every year for five years.

Against that requirement, intake is inadequate. The CITB's Industry Picture 2026 puts it bluntly: not enough people entering, too many leaving, productivity not improving fast enough. The workforce is ageing, Brexit-era EU labour loss has not been offset, and the 1.5m target, infrastructure pipeline and retrofit market all compete for the same trades.

WORKFORCE EMPLOYED VS WORKFORCE NEEDED, 2020 TO 2030




Illustrative trajectory. The gap represents 41,000 to 48,000 net new workers required annually.

**47,000-48,000**
new construction workers needed every year

**3,973**
construction insolvencies, year to July 2025 (17% of all UK)

**~2.6m to 2.7m**
workforce needs to grow to by 2030

### An operating condition, not a projection

Delivery targets set without regard to workforce capacity will be missed. The interesting question is not whether the crisis is real, but what housebuilders do inside it.

# Why the standard responses have not worked.

The industry response has been consistent for years. Three components each produce genuine but insufficient effect.

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| **Apprenticeships and training** | Substantial investment and expanded intake (MJ Gleeson's public example). Insufficient because the pipeline takes three to four years: 2026 expansion helps 2029 delivery, not 2026. |
| **Immigration and international recruitment** | Some trades sit on the shortage occupation list, but the visa route is administratively demanding. Used at scale mostly by larger contractors and infrastructure schemes, not mainstream housebuilders. |
| **Retention and workforce development** | Measurable improvement in turnover and progression, but retention alone can only slow the leakage, not solve a net shortfall. |
| **Not yet tried at scale** | Radical productivity improvement through MMC and industrialisation, and coordinated cross-sector workforce planning. Both would produce structural change; both need industry-wide coordination not yet forthcoming. |

### The right responses, at the wrong pace

The standard responses are correct in direction. They are not, at their current pace, adequate to the scale of the problem. Housebuilders relying on them alone will be waiting a long time.

# The three concurrent labour markets.

UK construction is not one labour market. It is three, each with its own supply and demand characteristics.

### On-site trades

Bricklayers, carpenters, plumbers, electricians. The most visible and constrained, where the ageing workforce and Brexit effect interact directly. Shortages produce visible delays.

### Technical and management

QSs, site managers, planners, engineers. Fewer graduates entering, professionals poached across firms. Losing a good site manager or QS is a strategic event.

### Emerging specialist roles

Energy assessors, retrofit coordinators, MMC installers, BIM coordinators. Training pathways still developing; employers compete for a thin pool.

### What this means for hiring strategy

Site trades respond best to apprenticeship investment, retention and MMC integration. Technical and management roles respond to retention and internal development. Emerging specialist roles need early identification and internal training, because external recruitment does not scale.

### Three problems, three tools

Any workforce strategy that treats them as one problem will misallocate resources and end up short in the areas that matter most.

# The cost impact working through the system.

The skills constraint produces cost impact through several distinct channels.

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| **Direct labour costs** | Wage inflation for scarce trades has consistently exceeded general inflation. Agency and subcontract rates rise further where direct employment is unavailable. |
| **Programme delay costs** | Financing interest, sales chain disruption, S106 timing and professional fees on extended programmes; on mid-sized schemes these can exceed direct labour inflation. |
| **Quality and rework costs** | Less experienced hires raise defect rates. A subtle, lagging cost line, but significant cumulatively. |
| **Insolvency exposure** | 3,973 construction insolvencies to July 2025, 17% of all UK. Schemes delayed, work re-procured, retentions at risk. |
| **Forward inflation** | BCIS forecasts tender prices +15% and building costs +14% further by 2030, "structural rather than purely cyclical". |

### Four line items, one workforce strategy

Wage inflation, programme delay, quality cost and insolvency exposure each show up differently. A workforce strategy needs to address all four, not just the most visible one.

# What housebuilders can do individually.

Six strategic responses matter. None solves the problem alone; together they reduce exposure materially.

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|---|---|
| 1 | **Invest in retention before recruitment.** Existing employees are the cheapest, most productive labour a housebuilder has. |
| 2 | **Build the apprenticeship pipeline as a strategic asset.** A three to four year lead time pays off precisely as target delivery years hit. |
| 3 | **Reduce labour dependency through MMC.** Panelised systems reduce on-site labour demand per unit of output, one of the strongest and most under-used responses. |
| 4 | **Prioritise digital and AI adoption in constrained roles.** Every productivity increment on the technical side reduces the recruitment gap equivalently. |
| 5 | **Manage subcontractor relationships actively.** Payment terms and financial due diligence matter more in a constrained market. |
| 6 | **Widen the entry pool.** Career-changer recruitment, underrepresented groups and non-traditional entry routes access a labour pool competitors are not. |

### Multi-track, not single-track

Retention, apprenticeships, MMC, digital adoption, subcontractor management and widened entry all matter. A single-track workforce strategy will underperform even a modest multi-track one.

# What the industry needs to do collectively.

Individual response is necessary but insufficient. Some parts of the problem only respond to industry-level action.

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| **Coordinate immigration advocacy** | A streamlined construction workforce visa route, backed by data and coupled with domestic training commitments, is a priority for sector bodies. |
| **Standardise MMC to unlock demand** | MMC's labour benefits depend on scale, which depends on order books, which depend on interoperability across manufacturers. |
| **Cross-sector workforce planning** | Construction competes with utilities, retrofit and manufacturing for labour. Coordinated planning could smooth demand; it is not currently happening at scale. |
| **Fund the training pipeline** | Emerging specialist roles need investment ahead of demand. The apprenticeship levy has not fully translated into needed capacity. |
| **Fund productivity research, not just training** | Productivity reduces labour demand per unit of output; the return per pound is often higher than training, but investment has been modest. |

### The multiplier on individual action

Without industry-level action, individual investment can improve one builder's position while the sector position deteriorates around them.

# A five-year planning framework.

Five sequential focus areas across the current parliament, one per year.

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| **2026: Diagnose** | Audit retention, apprenticeship intake, technical vacancies, subcontractor concentration and forward pipeline demand by trade. Identify the three most binding constraints. |
| **2027: Retention and pipeline** | Invest disproportionately in retention of scarce roles and expanding the apprenticeship pipeline, both of which need investment ahead of the peak demand years. |
| **2028: MMC integration** | Move from evaluation to operational integration where the business case supports it, reducing on-site labour demand ahead of the target year peak. |
| **2029: Digital and AI productivity** | Investment made from 2026 to 2028 should be delivering measurable productivity gains in technical and management roles. Deepen where returns are clearest. |
| **2030+: Structural position** | Assess where the business sits in the early-2030s labour market. Investments made from 2026 determine competitive position across the next parliament and beyond. |

**Grow through it, or shrink through it**

The skills crisis will not be solved this parliament. It will be managed, imperfectly, by organisations that plan across the parliament rather than within the quarter.

# Sources and closing note.

## PRIMARY SOURCES

CITB Industry Picture 2026. Development Index 2026. BCIS forecasts on tender prices and building costs to 2030. ONS and Insolvency Service data on construction insolvencies. Barclays Business Prosperity Index Housebuilding report, January 2026.

## SECTOR ANALYSIS

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