



REPORT

# Increasing construction skills

Department for Education and  
Department for Work & Pensions

## Key facts

### The government has set ambitious building and infrastructure commitments



**1.5mn**

new homes to be built by the end of this Parliament



**Up to 5mn**

homes to upgrade by 2030 through the Warm Homes Plan, e.g. through solar panels and heat pumps



**£725bn**

minimum funding for infrastructure over the next decade

### But these rely on a construction workforce with significant shortages



**317,000, 130,000 and 445,000**

extra construction workers needed for: building 1.5 million homes; the Warm Homes Plan; and infrastructure commitments by 2030



**45%**

of construction vacancies in 2024 that were hard to fill because applicants lacked the required skills, the highest rate of any sector

### In response, the government announced a package to increase construction skills



**Up to 60,000**

aspiration set by the government in March 2025 for extra construction workers by 2029



**£625mn**

funding committed by the government to achieve this aspiration

### Success of the package relies on employers and industry placements



**Around two-fifths**

of the government's worker aspiration depends on improving student employability through providing short-duration industry placements for eligible further education students



**42%**

of further education construction students who achieved a qualification in 2020/21 and in employment in 2021-22 were working in a relevant occupation, compared with 75% for construction apprentices

### There have been challenges in the first year since the government announced its aspiration



**Sep 2025**

responsibility for adult skills policy transferred from Department for Education to the Department for Work & Pensions (DWP)



**74**

number of young people starting construction foundation apprenticeship in 2025/26, as at April 2026, against DWP's assumption of 1,000

Throughout this report, central government financial years are written as, for example, '2025-26' and run from 1 April to 31 March. Academic years are written '2025/26' and run from 1 September to 31 August for schools and 1 August to 31 July for colleges.

# Summary

**1** The construction sector plays a vital role across society and the wider economy by building and maintaining homes and critical infrastructure, such as schools, roads and hospitals. In June 2025, there were 1.9 million construction jobs covering roles such as electrical installation, plumbing, bricklaying and surveying. More than five out of every six people joining the construction workforce do so from another career. The sector also recruits people completing a qualification or apprenticeship. In 2024-25, there were 174,960 people starting further education construction courses and apprenticeships. Construction employers, nearly all small and medium sized businesses, identify and then look to recruit the workers they need.

**2** Skills England is responsible for identifying skills gaps in priority sectors and assesses construction as one of 10 priority sectors for the government to achieve its growth aspirations. The government expects demand for construction workers to expand significantly by 2030. In March 2025, the government announced an initial £625 million funding package for up to 60,000 more skilled construction workers by 2029. This brings together initiatives designed to encourage more students to move into construction roles, improve their employability and increase the number of courses available. It also aims to improve employer engagement, critical to training and employing workers, and the quality and capacity of those providing training and qualifications, such as further education colleges.

**3** The Department for Work & Pensions (DWP) has been responsible for adult skills policy (excluding higher education), alongside funding apprenticeships and adult qualifications, since September 2025. Responsibility transferred from the Department for Education (DfE) to bring adult skills and employment support together. DfE remains responsible for overseeing higher education and skills for 16- to 19-year-olds. Mayoral Strategic Authorities (MSAs) in devolved areas are accountable for shaping local skills with employer representative bodies.<sup>1</sup>

<sup>1</sup> MSAs are bodies formed by collaborating councils, led by an elected mayor, to manage regional functions.

## Scope and purpose of the report

**4** This report assesses the government's progress since launching its construction skills package. It examines:

- challenges facing the sector, roles and responsibilities, and the government's understanding of current and future skills gaps (Part One);
- the package of funded initiatives announced by the government (Part Two); and
- how well the government has set itself up to deliver initiatives (Part Three).

Other than apprenticeships, we do not look at skills developed through on-the-job training and have not audited the government's understanding of, or response to, factors beyond skills, such as pay and the availability of materials which may impact whether building and infrastructure commitments are met. Appendix One describes our audit approach and evidence base. We conducted fieldwork between October 2025 and May 2026, spanning the early stages of the package. This report considers construction skills in England.

## Key findings

Meeting demand for a skilled construction workforce

**5 Government modelling shows its commitments require an unprecedented expansion of the construction workforce.** Government departments have multiple commitments which rely on construction skills. They have individually estimated the number of workers required for each commitment. This includes: 317,000 more workers to build 1.5 million new homes by the end of this Parliament; 130,000 to upgrade up to five million homes by 2030 through the Warm Homes Plan; and up to 445,000 workers by 2030 to contribute to an infrastructure funding commitment of at least £725 billion over the next decade. Achieving this will be challenging as construction has the highest sectoral rate of hard-to-fill vacancies due to skills shortages (45% in 2024) (paragraphs 1.3, 1.5 to 1.8, and Figure 2).

**6 The package of construction initiatives partially addresses the workforce expansion needed to meet government's commitments.** HM Treasury's approved package of initiatives aims to provide up to 60,000 workers. It is not designed to address all construction worker shortages. Departments have not modelled different scenarios, or how many workers with varying skills enter the sector from different routes. This impacts their ability to understand how the skills system may need to adapt or the range of skills that may be needed. HM Treasury recognises that addressing the gap also depends on other factors, including improved productivity, pay, and industry actions. If the government and industry do not address gaps or clarify their priorities, greater competition for scarce skilled workers may increase prices and threaten delivery of commitments (paragraphs 1.8, 2.1, 2.2, 2.4 and 2.5).

**7 The government acknowledges the critical importance of employers' engagement with the skills system.** Employers are pivotal to achieving government's aspirations. For example, industry placements, foundation apprenticeships, Teacher Industry Exchange, and capital initiatives all rely on employers. The Construction Skills Package Board (the Board) has identified that the current economic conditions pose a delivery risk for these initiatives. Employers' confidence to recruit workers, and offer apprenticeships or placements, depends on market conditions influenced by the available work. For 2025, the Construction Skills Mission Board, which represents industry, had identified large parts of the industry facing challenging trading conditions. This included increases in materials and labour costs which contributed to fewer vacancies and more employers entering administration. The Board has identified mitigations, including working with the Mission Board and developing an employer engagement strategy with DfE. The package also includes expanding support for employers to recruit and retain apprentices, and a £2,000 employer incentive payment for foundation apprentices. By April 2026, 74 young people had started foundation apprenticeships against an assumption of 1,000 in 2025/26 (paragraphs 1.19, 2.10, 2.11, 2.19, 2.26 to 2.31 and 3.10 to 3.11).

## **8 DfE and DWP negotiated local construction skills targets with MSAs.**

They balanced their view of what was needed against MSAs' views on what they could achieve locally. The government is devolving a quarter of planned package funding, around £161 million, to seven MSAs with Integrated Settlements across six package initiatives. While this gives spending flexibility, MSAs have agreed with the government outcomes frameworks and targets for: people starting and completing courses; industry placements; and construction professionals teaching in further education. The government reduced its initial targets after updating its analysis on the numbers needed. For example, it agreed 16% to 24% reductions for five MSAs for people successfully completing courses and reduced industry placements targets by around 10% overall. Where MSAs proposed lower targets, they agreed higher targets with government. The government and MSAs acknowledge that targets are ambitious, given labour market conditions, and agreed to review arrangements in 2027/28. During negotiations, DfE and DWP revised their analysis of the employment outcomes needed nationally to meet the government's construction aspirations. They now assume that substantially higher proportions of people completing courses would start jobs in construction (paragraphs 3.6 to 3.9).

### Overseeing the portfolio

**9 The government developed the package at speed, leading to uncertainty about what could be delivered and when.** In early March 2025, HM Treasury asked DfE to develop investment options to address concerns around skills shortages and their impact on the government's construction commitments. The Chancellor of the Exchequer then approved a £625 million skills package, for up to 60,000 workers, on 19 March 2025. After sharing a draft delivery plan with HM Treasury in April, DfE approved its first business case for a package initiative in May 2025. In June 2026, government had one business case to finalise, for an initiative planned to start in 2026/27 (paragraphs 2.2 and 2.3).

**10 Ahead of most initiatives starting, the government had established a clear framework to monitor performance, spending, risks and dependencies.**

From March 2025, DfE began reporting to HM Treasury progress for each initiative, holding a programme board (April) and considering progress and risks through a portfolio board (from May). Six months after the government announced the package, DWP took over responsibility from DfE and held its first Construction Skills Package Board meeting in December. By April 2026, after commissioning advisory support for effective oversight across the government's sector skills packages and before starting most construction package initiatives, DWP had improved its proposed portfolio reporting approach. It had a clearer framework to capture milestones, risk and performance information consistently for most initiatives. The Board's delivery confidence then also improved to 'Amber', reflecting its view that while risks remain, plans were in place to mitigate risks as far as possible. In May, it had complete milestone information across eight initiatives and is developing plans to publish updates on its progress (paragraphs 3.3 to 3.4 and Figure 8).

**11 The government knows it needs to set out how it will review package assumptions and prioritise its resources.**

Effective prioritisation across initiatives relies on timely, high-quality spending and performance data to understand how initiatives are performing. In May 2026, the Board started exploring how it could review assumptions across the package and has committed to review spending. For 2025-26, the government reported spending £78 million of its £80 million budget. We have not audited this figure. The government will need to make quick decisions, based on best evidence, as it works to a demanding timetable of up to 60,000 more workers by 2029 (paragraph 3.5 and Figure 9).

## Providing skilled construction workers

**12 Through the package, the government is expanding some initiatives with a good track record.**

Based on positive results for people taking up courses and then moving into jobs, the government allocated £100 million to Skills Bootcamps and £75 million to Free Courses for Jobs. It assumes 15,900 and 2,700 more workers, respectively, from these initiatives. The Construction Industry Training Board (CITB) is also expanding its employer support team, which has been effective to date. DWP assumes this will lead to 1,400 more construction workers. These initiatives depend on providers successfully expanding courses, students and participants applying, and employers wanting skilled workers (paragraphs 2.12 to 2.14, and 2.30 to 2.32).

**13 The government is taking sensible steps to develop innovative initiatives**

**designed to address longstanding problems.** The government is introducing two innovative initiatives which, by their nature, are supported by less evidence of what works. For Construction Technical Excellence Colleges, DfE reviewed previous domestic and international programmes and adopted a co-design approach with selected colleges to share best practice over the first year. Also, DfE is facilitating a ‘ground up’ development approach with stakeholders and MSAs, to test proposals for a teacher and industry exchange before submitting a full business case (paragraphs 2.24 and 2.29).

**14 The government has ambitious plans for expanding industry placements for further education students.**

The government hopes that around two-fifths of its 60,000 more workers will come through its industry placements initiative. DfE has some limited evidence from construction T Levels that placements lead to positive student outcomes. It hopes placements will almost close the gap in employment outcomes between further education and apprenticeships. Skills England estimates that 42% of building and construction further education students, qualifying in 2020/21 and working in 2021-22, were in a relevant occupation. This compares with 75% for apprentices. The package includes £98 million to expand industry placements. DfE’s assumptions for the initiative are ambitious. It assumes: every eligible student will participate; that 122,000 placements can be provided between 2026/27 and 2028/29; and that placements will result in 25,600 more construction workers. DfE is exploring how to evaluate implementation and early outcomes (paragraphs 1.11, 2.16 to 2.20, 3.10 and Figure 7).

**15 The package includes initiatives to address providers’ constraints around space and staff.**

Providers’ capacity to offer courses has been a long-standing challenge. Construction courses often require more space than a classroom-based course. Colleges cannot access commercial borrowing, restricting their options to increase capacity. High vacancy rates for construction teachers (7.2 per 100 compared with 3.5 per 100 across all further education subjects in 2024/25) also restrict providers from offering courses. In 2025, 60% of colleges reported limiting construction apprenticeships or closing courses, and 56% of colleges reported waiting lists for construction courses. The funding package includes £160 million of capital to address space constraints, and several initiatives that could lead to more teachers (paragraphs 1.14 to 1.16, 2.23, 2.26, 2.28 and Figure 9).

## Conclusion

**16** At this early stage of the construction skills package, the government needs to manage significant risks to achieve its aspiration for up to 60,000 more construction workers by the end of this Parliament. Through the package, the government is trying to tackle long-standing construction skills shortages through a welcome mix of well-evidenced and more innovative initiatives. However, success is uncertain and also depends on how potential workers, providers and employers respond to the demand for construction skills.

**17** Delivering the construction skills package, alongside industry actions and other interventions, will influence whether the government meets its major housebuilding, warm homes and infrastructure commitments. The government has now put in place a clearer framework and better data to understand performance across the package. As it learns from how the package progresses, the government will need to review assumptions and be prepared to reprioritise across its portfolio of initiatives. It also needs to develop a consistent, complete approach to understanding workforce demand and supply.

## Recommendations

**18** To address continuing construction skills shortages, and work towards the government's aspiration for up to 60,000 more skilled construction workers by 2029, DWP, working with DfE, should:

- a** strengthen how it oversees and maximises value for money from the construction skills package by ensuring that decisions on risks, dependencies and prioritisation be considered across the portfolio;
- b** consider how it could respond to lower-than-expected performance once data become available by, for example, considering a range of different situations; this could include stopping or modifying initiatives and reallocating funding; and
- c** provide greater transparency around progress towards its aspiration by publishing annual updates on construction skills package initiatives indicating the funding distributed, activities undertaken and the likely impact on additional workers, making clear where information is not available.

- 19** More widely, we recommend the following.
- d** MHCLG, DESNZ, NISTA, DBT and CITB should work together to develop their underlying approach to published workforce modelling to allow consistent estimates of construction workforce needs, regularly updated, and aligned with best practice around uncertainties, highlighting limits on how models can be used and considering various scenarios.
  - e** To identify areas of focus, Skills England should work with relevant departments, to assess how the expected numbers, levels and skills of new construction workers joining after gaining qualifications align with the occupational skills needed both now and in the future.