



Scotland - Workload Trends 2018 Q1

Activity continued to decline and outlook remains weak

Weighted Balances (%)

Change on 12 Months Ago

Workload

2017 Q1	-20
2018 Q1	-38

Tender Prices

New Work

2017 Q1	+51
2018 Q1	+19

R&M Work

2017 Q1	+46
2018 Q1	+15

Order Books

2017 Q1	-37
2018 Q1	-3

Over the Next 12 Months

Expected Workload

2017 Q1	-51
2018 Q1	+3

Expected Orders

New Work

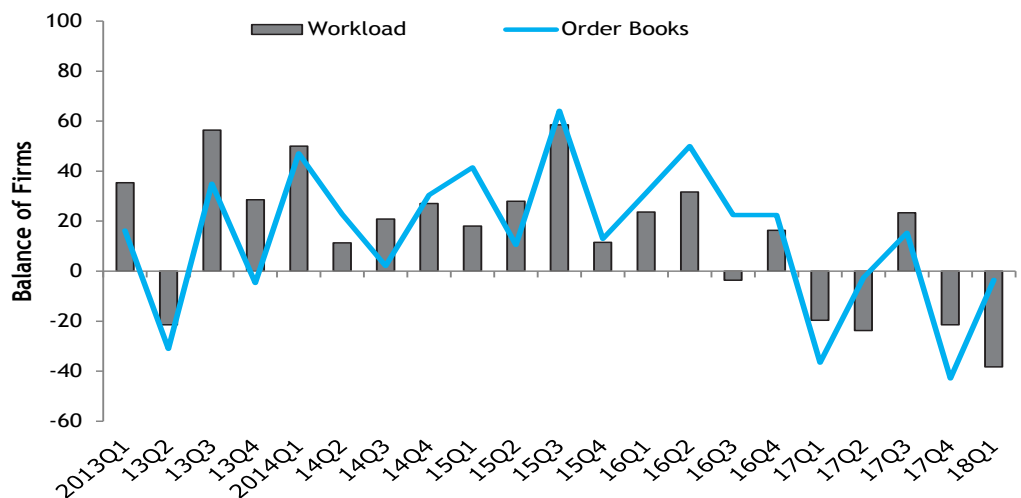
2017 Q1	-52
2018 Q1	0

R&M Work

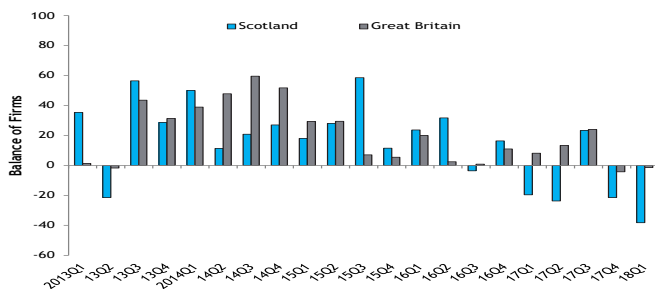
2017 Q1	-43
2018 Q1	-3

- In Q1, 38% of Scottish firms, on balance, reported a decrease in workloads on a year ago, the weakest in nearly eight years.
- For a second consecutive quarter, orders declined in Q1, on balance, according to 3% of Scottish firms.
- 3% of Scottish firms, on balance, expected workloads to increase over the next year, up from -4% in Q4.
- Employment balances for all types of worker were mixed in Q1 but expectations improved.
- 19% of Scottish firms reported a rise in tender prices, up from 4% in Q4 but lower than 51% a year earlier.

Change in Workload and Order Books – Scotland

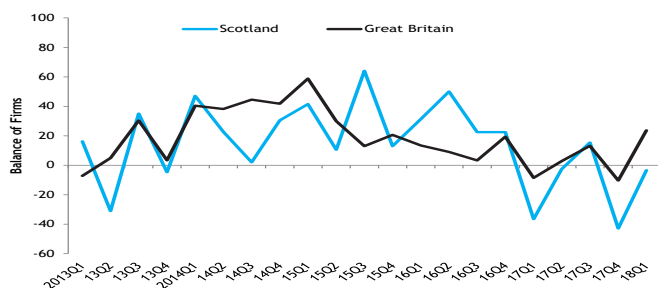


Workload Compared to 12 Months Ago



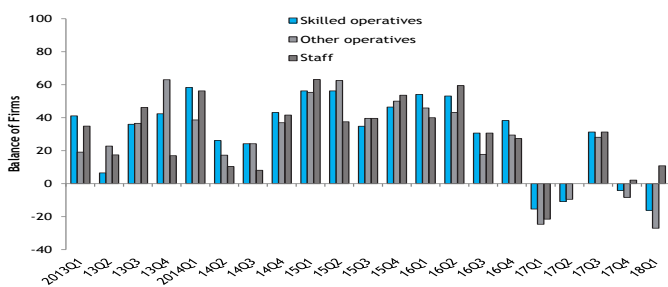
Workloads contracted in Scotland, on balance, for a second consecutive quarter in Q1. On balance, 38% of respondents reported a decrease in workloads on a year ago, a deterioration from a balance of -21% reported in Q4 and the weakest balance since 2010 Q1. Overall, half of the respondents reported that workloads had fallen, and 12% reported that workloads had risen. In Great Britain, 1% of firms, on balance, reported that workloads decreased compared to a year ago, the second consecutive quarter of decline. In total, 28% of firms reported that workloads had fallen. In England, 9% of firms, on balance, reported that workloads increased compared to 12 months ago, the lowest balance in two years. After reporting a negative balance (-33%) in Q4, workloads increased according to 47% of firms on balance in Wales.

Order Books Compared to 12 Months Ago



In Scotland, only 3% of firms, on balance, reported that order books had decreased compared to 12 months ago, the second consecutive quarter of decline. Overall, 34% of respondents reported that orders had decreased, and 31% reported an increase. In Great Britain, 24% of firms, on balance, reported that order books had increased compared to a year earlier, compared to 10% in Q4 that reported orders had decreased. This was the highest balance in three years. Overall, 44% of firms reported that orders had increased. In England, 38% of firms, on balance, reported that orders books had increased, up from 13% reported in Q4. In total, 55% of respondents reported that orders had increased. Wales reported the strongest balance for order books in Q1. On balance, 46% of firms reported that order books had increased, following a negative balance (-6%) in the previous quarter.

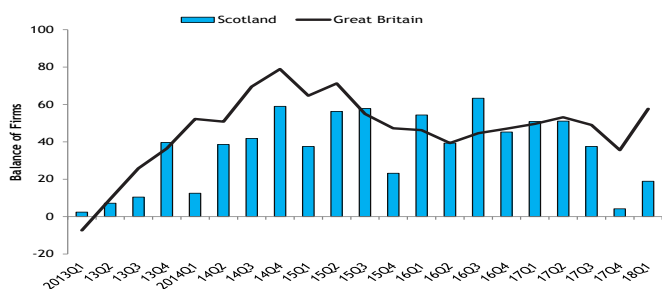
Employment Compared to 12 Months Ago



Employment balances for Scotland painted a mixed picture in Q1. On balance, 16% of respondents reported that employment decreased for skilled operatives and 27% for other operatives, the lowest since 2011 Q4. However, for staff, 11% of firms, on balance, reported an increase in employment in Q1, up from 2% in Q4. In Britain, on balance, employment of staff, skilled operatives and other operatives increased according to 26%, 16% and 8% of firms, respectively. In England, on balance, employment of skilled operatives, other operatives and staff increased according to 36%, 25% and 18% of firms, respectively. In Wales, employment increased, on balance, according to 18% of firms for both skilled operatives and other operatives, and 71% for staff.

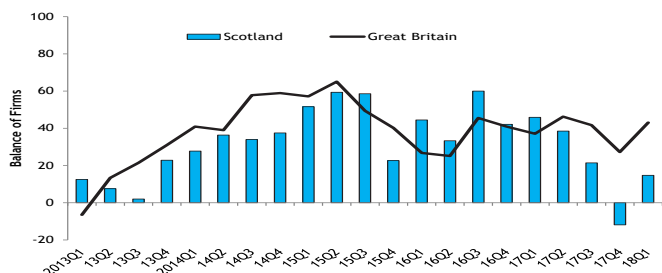
Tender Prices

Tender Prices of New Work



Despite an improvement from Q4, Scotland recorded the weakest balances for tender prices in Q1. 19% of Scottish firms, on balance, reported that tender prices for new work increased in Q1 with 32% of all respondents reporting an increase in tender prices and 14% reporting a decrease. In Great Britain, tender prices for new work increased compared to 12 months ago, according to 58% of respondents, on balance, the highest in three years. In England, prices increased, on balance, according to three-quarter of respondents, the highest since 2014 Q4. Overall, 77% of respondents reported rises, whilst 22% reported no change. In Wales, tender prices increased according to 71% of respondents, on balance. In total, 76% of respondents reported higher tender prices compared to a year earlier, but 18% reported no change.

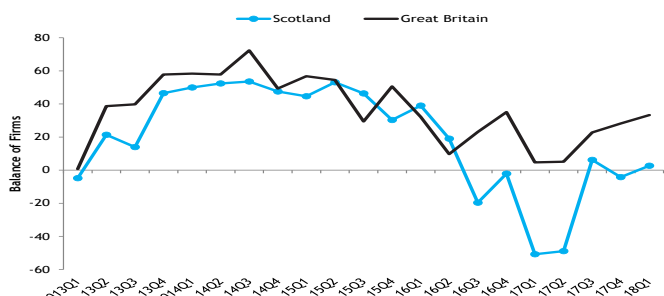
Tender Prices of R&M Work



Following a negative balance reported in 2017 Q4, 15% of Scottish firms, on balance, reported that tender prices had increased in Q1. 56% of all respondents reported that prices were unchanged and 29% of firms reported increases. In Britain, on balance, 43% of respondents, reported that tender prices increased compared to 12 months ago, up from 27% in Q4. 49% of all respondents reported that prices had risen. In England, nearly half (49%) of the respondents, on balance, reported that tender prices were higher in Q1 than they were 12 months earlier, up from 37% in Q4. 52% of the respondents reported that tender prices had increased. In Wales, 65% of the respondents reported increased tender prices, whilst 6% reported that they had fallen, leaving a balance of 59%. This compares to a balance of 45% reported in the previous quarter.

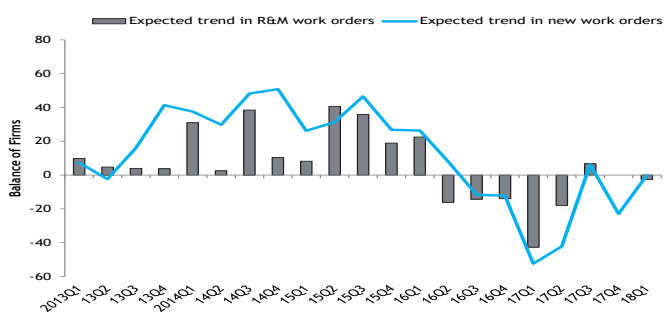
Expected Future Trends

Expected Workloads in the Next 12 Months



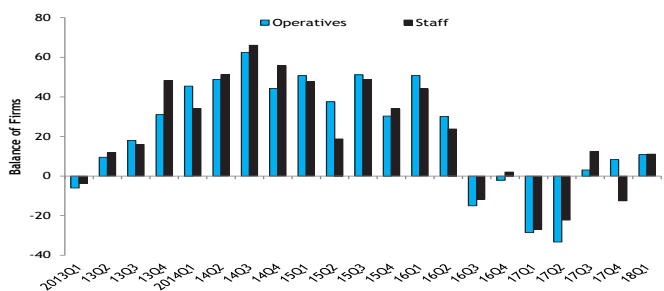
In Scotland, expectations about future workloads improved in Q1, following a negative balance in Q4. On balance, 3% of firms expected workloads to increase over the next year, compared to a balance of -4% reported in Q4. Overall, approximately half (49%) of the respondents expected workloads to remain unchanged, and 27% expected workloads to increase. In Britain, a balance of one-third of respondents reported that they expect workloads to rise over the next year, up from 28% in Q4. 46% of respondents in Great Britain expected workloads to increase, and 42% expected workloads to remain unchanged. In England, 34% of firms, on balance, expected workloads to increase in the coming 12 months. Welsh firms were the most optimistic in Q1, with 71% of the respondents, on balance, expecting an increase in workloads in the next 12 months. This was the highest balance since 2015 Q1.

Expected New Orders in the Next 12 Months



Expectations about future new order books remained weak for a second consecutive quarter in Q1. No Scottish firms, on balance, expected orders for new work to improve over the next 12 months, whilst 3% expected R&M orders to decrease. In Britain, 19% of firms, on balance, expected order books to improve over the coming year, up from 14% in Q4. For R&M, a balance of only 5% expected orders to increase during the next 12 months. In England, 13% of firms, anticipated growth in new work orders over the coming year and only 1%, on balance, expected R&M orders to increase. Both balances weakened from those recorded in the previous quarter. In Wales, 18% of firms, on balance, expected growth in new work orders and 6%, on balance, expected R&M orders to increase.

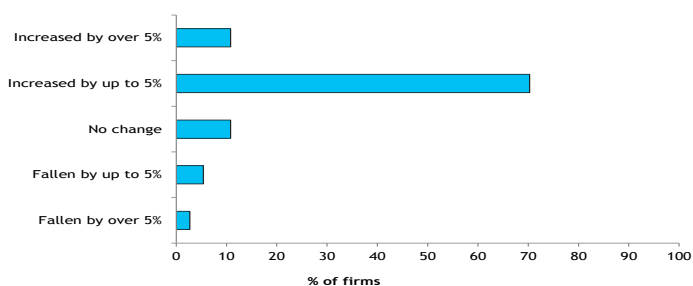
Expected Employment in the Next 12 Months



In Scotland, employment expectations for the next 12 months improved in Q1 compared to Q4. On balance, 11% of firms expected the employment of both operatives and staff to increase in the next 12 months. In Britain, on balance, 37% of firms expected employment of operatives to increase and 35% expected staff employment to rise. In England, 36% and 37% of firms, on balance, anticipated a rise in operatives and staff employment, respectively. Welsh firms were the most optimistic about employment prospects for the next 12 months in Q1. On balance, 76% and 65% of firms expected the employment of operatives and staff to increase in the next 12 months, respectively. Both balances were the highest since 2015 Q1.

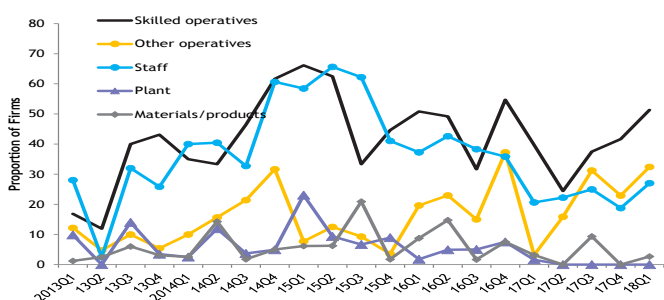
Costs and Supply Constraints

Change in Costs Compared to 12 Months Ago



In Scotland, 73% of respondents, on balance, reported that costs increased over the last 12 months, up from 71% in Q4. 70% of firms reported that costs had increased by up to 5% and 11% by more than 5%, whilst 8% reported decreased costs. 11% of Scottish firms reported unchanged costs. In Britain, on balance, 84% of firms, reported that costs had risen over the last 12 months, up from 82% in Q4. 79% of respondents reported increased costs by up to 5%, 7% by more than 5%, whilst 2% reported that costs had fallen. In England, 83% of firms, on balance, reported increased costs, 77% by up to 5% and 6% by more than 5%, whilst no firms reported that costs had fallen. In Wales, all firms, on balance, reported an increase in costs over the last 12 months. 94% of firms reported increased costs by up to 5%, 6% by more than 5%, whilst no firms reported costs had fallen.

Contractors Unsatisfied with Supply



In Scotland, the most cited supply issue in Q1 was skilled operatives (51%), followed by other operatives (32%), staff (27%) and materials/products (3%). No issues were reported with plant for a fourth consecutive quarter. In Great Britain, the most cited supply issue was skilled operatives, with 41% of respondents identifying this as an issue, followed by staff (29%) and other operatives (20%). Materials/products and plant were also cited as an issue according to 5% and 1% of respondents, respectively. In England, 39% of respondents identified supply of skilled operatives as an issue, followed by staff (32%) and other operatives (15%). In Wales, skilled operatives were noted as having supply issues according to 29% of respondents, along with other operatives (24%). No issues were reported with staff and materials/products.

Workload Trends Survey

	2014Q1	Q2	Q3	Q4	2015Q1	Q2	Q3	Q4	2016Q1	Q2	Q3	Q4	2017Q1	Q2	Q3	Q4	2018Q1
Workload (% balance)	+50	+11	+21	+27	+18	+28	+59	+12	+24	+32	-4	+16	-20	-24	+23	-21	-38
Expected Workload (% balance)	+50	+52	+54	+48	+45	+53	+46	+30	+39	+19	-20	-2	-51	-49	+6	-4	+3
Order Books (% balance)	+47	+23	+2	+30	+41	+11	+64	+13	+31	+50	+23	+23	-37	-3	+15	-43	-3
Expected New Orders (% balance)																	
<i>New Work</i>	+38	+30	+48	+51	+26	+31	+47	+27	+26	+8	-12	-12	-52	-42	+6	-23	0
<i>R&M</i>	+31	+2	+38	+10	+8	+41	+36	+19	+23	-16	-14	-14	-43	-18	+7	0	-3
Employment (% balance)																	
<i>Skilled operatives</i>	+58	+26	+24	+43	+56	+56	+35	+46	+54	+53	+31	+38	-15	-11	+31	-4	-16
<i>Other operatives</i>	+39	+17	+24	+37	+55	+63	+40	+50	+46	+43	+18	+29	-25	-10	+28	-8	-27
<i>Staff</i>	+56	+10	+8	+42	+63	+38	+40	+54	+40	+59	+31	+27	-22	0	+31	+2	+11
Expected Employment (% balance)																	
<i>Operative jobs</i>	+45	+49	+63	+44	+51	+38	+51	+30	+51	+30	-15	-2	-29	-33	+3	+8	+11
<i>Employment of staff</i>	+34	+51	+66	+56	+48	+19	+49	+34	+44	+24	-12	+2	-27	-22	+13	-13	+11
Costs*																	
Costs Compared with 12 Months Ago (%)																	
Falling	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	3
Unchanged	0	0	4	0	0	3	0	4	0	0	0	0	0	0	0	2	5
Slower	14	23	19	22	15	13	0	11	2	15	21	7	6	9	3	21	11
Same rate	82	61	74	75	79	81	83	77	88	68	48	64	70	74	88	67	70
Faster	5	16	4	3	6	3	17	9	10	18	31	29	23	17	9	8	11
Cost (%) Balance	+86	+77	+74	+78	+85	+81	+100	+82	+98	+85	+79	+93	+94	+91	+97	+71	+73
Tender Prices (% balance)																	
<i>New work</i>	+13	+39	+42	+59	+38	+56	+58	+23	+54	+39	+63	+45	+51	+51	+38	+4	+19
<i>R&M</i>	+28	+36	+34	+38	+52	+59	+59	+23	+44	+33	+60	+42	+46	+38	+21	-12	+15
Supply of Resources Required (%)																	
<i>Skilled Operatives</i>	35	33	46	62	66	63	33	45	51	49	32	55	40	24	38	42	51
<i>Other Operatives</i>	10	16	21	32	8	13	9	4	20	23	15	37	3	16	31	23	32
<i>Staff</i>	40	40	33	61	58	66	62	41	37	43	38	36	21	22	25	19	27
<i>Plant</i>	3	12	4	5	23	9	7	9	2	5	5	8	2	0	0	0	0
<i>Materials and Products</i>	3	14	2	5	6	6	21	2	9	15	2	8	3	0	9	0	3

*Discontinuity in series due to an amendment to the question in order to collect more detailed information on the degree of cost change.

About the Civil Engineering Contractors Association (CECA) and Scotland Workload Trends

The number of contractors taking part in CECA's 2018 Q1 Scotland survey totalled 25. The survey responses are weighted by size of firm to ensure that results are representative of the industry. The results displayed are typically weighted balances and are calculated by taking the difference between firms reporting an increase in workloads, for example, and the proportion of firms experiencing a fall.

CECA has over 300 member firms which carry out more than 80% of all civil engineering work in Great Britain. The quarterly CECA survey of civil engineering workload trends, in which more than a third of the membership takes part, tests for changes over the past year in contractors' workload, workforce, order books, cost trends, and tender prices. It also examines the supply situation for key resources, and contractors' expectations of trends in new orders and employment in the coming 12 months. Full reports of the CECA survey are available to non-members; £30 per single copy or £100 for an annual subscription.

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