



# Scotland - Workload Trends 2018 Q4

## Conditions deteriorated in Q4 and outlook remains weak

### Weighted Balances (%)

#### Change on 12 Months Ago

##### Workload

2017 Q4	-21
2018 Q4	-42

##### Tender Prices

##### New Work

2017 Q4	+4
2018 Q4	+17

##### R&M Work

2017 Q4	-12
2018 Q4	+15

##### Order Books

2017 Q4	-43
2018 Q4	-48

### Over the Next 12 Months

#### Expected Workload

2017 Q4	-4
2018 Q4	-4

#### Expected Orders

##### New Work

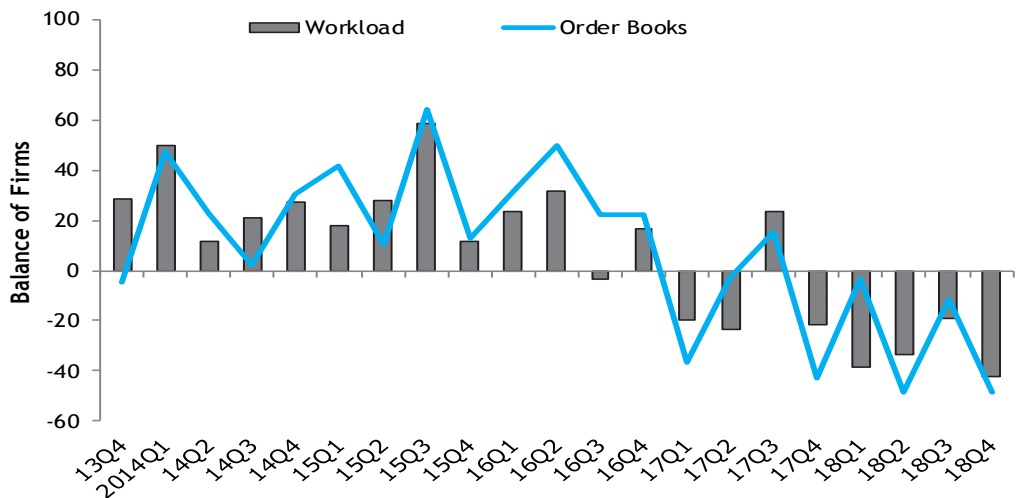
2017 Q4	-23
2018 Q4	-6

##### R&M Work

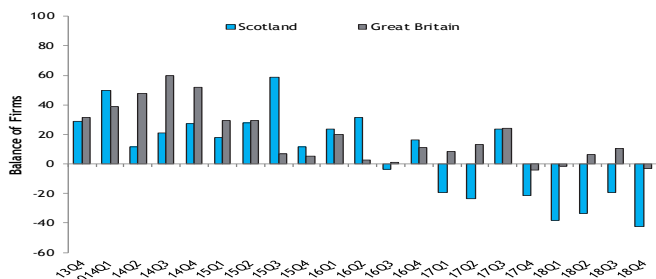
2017 Q4	0
2018 Q4	-2

- In Q4, 42% of Scottish firms, on balance, reported an annual fall in workloads, the fifth successive quarter of decline and the lowest in nine years.
- 48% of Scottish firms, on balance, reported that orders had declined in Q4, and 4% expect a fall during the next 12 months.
- Employment of skilled and other operatives fell for a fifth consecutive quarter in Q4, but hiring intentions remain positive.
- In Scotland, 54% of firms, on balance, reported supply issues with staff, the highest in four years, followed by skilled operatives (44%).

Change in Workload and Order Books – Scotland

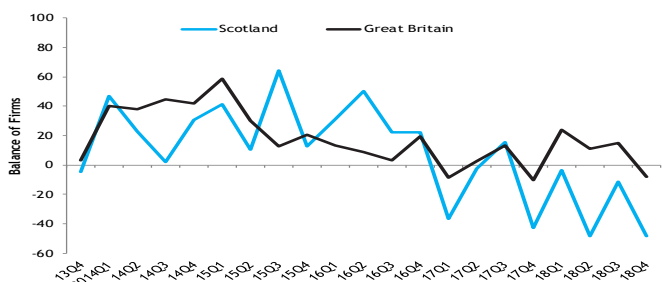


## Workload Compared to 12 Months Ago



Workloads contracted in Scotland, on balance, for a fifth consecutive quarter in Q4. On balance, 42% of respondents reported a decrease in workloads on a year ago, a deterioration from a balance of -19% reported in Q3 and the weakest balance since 2010 Q1. Overall, 51% of the respondents reported that workloads had fallen, and only 9% reported that workloads had risen. In Great Britain, 3% of firms, on balance, reported that workloads decreased compared to a year ago, following two consecutive quarters showing a positive balance. In total, 31% of firms reported that workloads had fallen. In England, only 3% of firms, on balance, reported that workloads increased compared to 12 months ago, down from 33% in Q3 and the lowest balance since 2016 Q2. In Wales, 11% of firms, on balance, reported an increase in workloads in Q4, unchanged from Q3.

## Order Books Compared to 12 Months Ago



Order books fell in Scotland for a fifth consecutive quarter in 2018 Q4. 48% of the respondents, on balance, reported that order books had decreased compared to 12 months ago, down from -12% in Q3 and the joint-lowest balance since 2011 Q1. Overall, 69% of the respondents reported that orders had decreased, the highest on record, and 21% reported an increase. In Great Britain, 8% of firms, on balance, reported that order books had decreased compared to a year earlier, compared to 15% in Q3 that reported that orders had increased. Overall, 36% of firms reported that orders had fallen. For the first time since 2015 Q3, orders in England fell, on balance, according to 6% of firms. In total, 32% of firms reported that orders has decreased. In Wales, 14% of firms, on balance, reported that order books had decreased, down from a balance of +50% in Q3 and the lowest in two years.

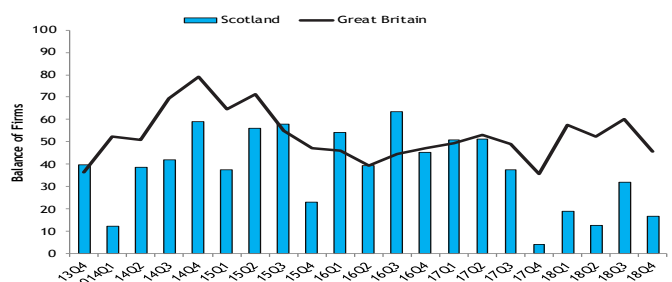
## Employment Compared to 12 Months Ago



Employment data for Scotland continued to paint a weak picture in Q4. For a fifth consecutive quarter, employment of skilled operatives and other operatives decreased, on balance, according to 8% and 4% of firms, respectively. However, for staff, 12% of firms, on balance, reported an increase in employment in Q4, up from 11% in Q3. In Britain, on balance, employment of staff, skilled operatives and other operatives increased according to 9%, 6% and 3% of firms, respectively. These balances were below their long-run averages and for staff, this marked the lowest balance since 2012 Q2. In England, on balance, employment of skilled operatives, other operatives and staff increased according to 14%, 8% and 5% of firms, respectively. However, in Wales, on balance, employment of staff, skilled operatives and other operatives fell according to 21%, 12% and 8% of firms, respectively. These balances were the lowest in two years.

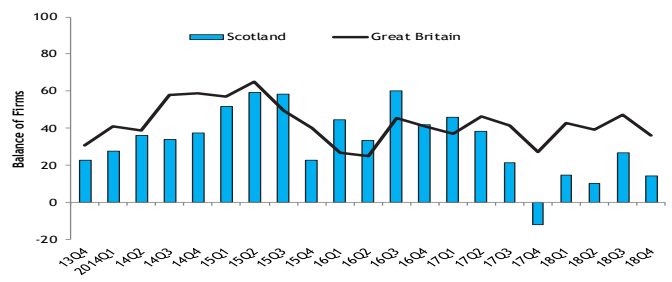
# Tender Prices

## Tender Prices of New Work



In Scotland, 17% of firms, on balance, reported that tender prices for new work increased in Q4 with 27% of all respondents reporting higher tender prices and 63% reporting no change. In Great Britain, tender prices for new work increased compared to 12 months ago, according to 46% of respondents, on balance, the lowest since 2017 Q4. In England, prices increased, on balance, according to 57% of respondents. In total, 58% of respondents reported rises, whilst 40% reported no change. In Wales, 46% of respondents reported an increase in tender prices for new work, down from 90% in Q3 and the lowest balance since 2017 Q4. Overall, half of the respondents reported higher tender prices compared to a year earlier, but 46% reported no change.

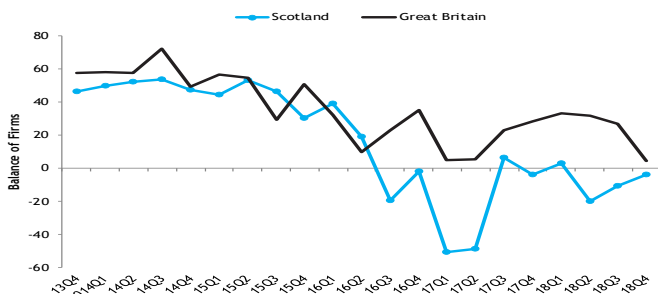
## Tender Prices of R&M Work



In Scotland, 27% of respondents reported that tender prices for R&M work were higher compared to a year earlier. 60% reported that prices were unchanged and 13% of firms reported declines, leaving a positive balance of 15%. In Britain, on balance, 36% of respondents, reported that tender prices increased compared to 12 months ago, down from 47% in Q3 and the lowest balance since 2017 Q4. 44% of all respondents reported that prices had risen. In England, 39% of the respondents, on balance, reported that tender prices were higher in Q4 than they were 12 months earlier, compared to 44% in Q3. Nearly half (51%) of all respondents reported that tender prices were unchanged. In Wales, half of the respondents reported increased tender prices, whilst no firms reported that they had fallen, leaving a balance of 50%.

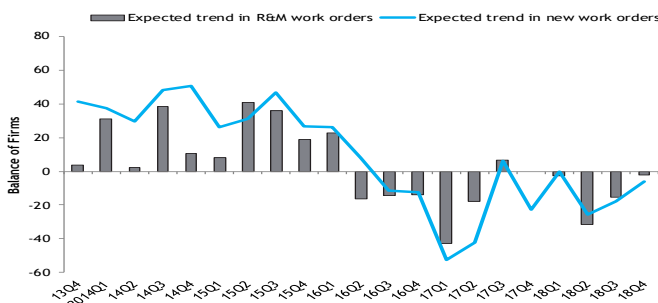
# Expected Future Trends

## Expected Workloads in the Next 12 Months



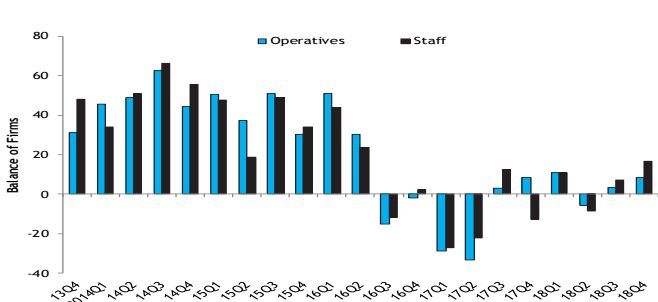
For a third consecutive quarter, Scottish firms anticipated a fall in workloads. On balance, 4% of firms expected workloads to decrease in the next 12 months, compared to a balance of -11% reported in Q3. Overall, half of the respondents expected workloads to remain unchanged, and 27% expected workloads to decrease. In Britain, a balance of only 4% of respondents reported that they expected workloads to rise over the next year, down from 27% in Q3 and the lowest balance in six years. 58% of the respondents expected workloads to remain unchanged, and 23% expected workloads to increase. In England, 7% of firms, on balance, expected workloads to increase in the coming 12 months, down from 25% in Q3 and the lowest since 2012 Q4. In Wales, 13% of firms, on balance expected workloads to increase in the next year, down from 60% in Q3. This also marked the lowest balance in two years.

## Expected New Orders in the Next 12 Months



The 12-month outlook for new orders remained weak for a fifth consecutive quarter in Q4. 6% of Scottish firms, on balance, expected orders for new work to fall over the next 12 months, and for a fourth consecutive quarter a negative balance (-2%) was reported for R&M orders. In Britain, only 4% of firms, on balance, expected order books to improve over the coming year, down from 21% in Q3. For R&M, a balance of 2% expected orders to decrease during the next 12 months. Both balances were the weakest since 2017 Q2. In England, 10% of firms, anticipated growth in new work orders over the coming year and only 2%, on balance, expected R&M orders to increase. In Wales, no firms, on balance, expected order books to improve over the next 12 months, whilst for R&M orders, a negative balance (-4%) was reported.

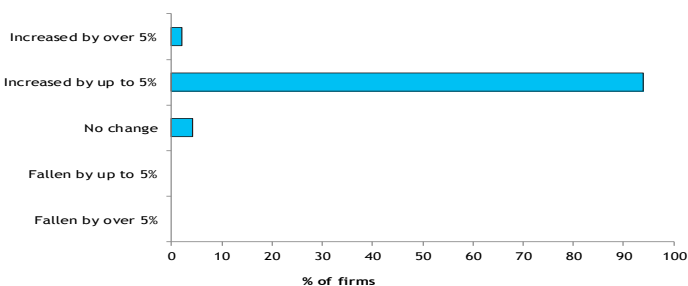
## Expected Employment in the Next 12 Months



In Scotland, hiring intentions for the next 12 months remained positive in Q4. On balance, 17% of firms expected employment of staff to increase and 8% anticipated operatives employment to rise over the coming year, up from balances of 7% and 4% respectively, recorded in Q3. For staff, this was the highest balance since 2016 Q2. In Britain, on balance, 12% of firms expected employment of staff to increase and 9% expected operatives employment to rise. Both balances weakened from those recorded in Q3 and were the lowest in six years. In England, 6% of firms, on balance, expected employment of operatives to increase, the lowest since 2014 Q4. For staff, a balance of only 1% was recorded, the lowest since 2011 Q4. In Wales, both operatives employment and staff employment is expected to increase according to a balance of 25% of firms.

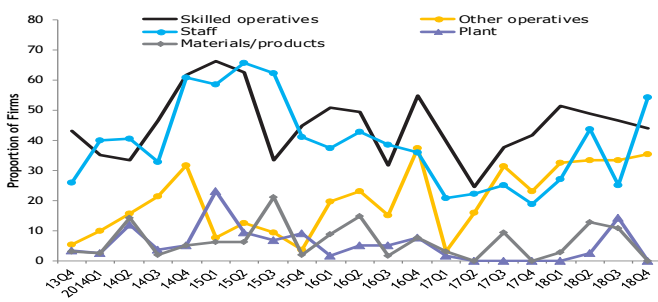
# Costs and Supply Constraints

## Change in Costs Compared to 12 Months Ago



In Scotland, 96% of respondents, on balance, reported that costs increased over the last 12 months, up from 91% in Q3. 94% of firms reported that costs had increased by up to 5% and only 2% by more than 5%, whilst no firms reported that costs had fallen for a second consecutive quarter. In Britain, on balance, 86% of firms, reported that costs had risen over the last 12 months, compared to 89% in Q3. 85% of respondents reported increased costs by up to 5%, 3% by more than 5%, whilst 2% reported that costs had fallen. In England, 79% of firms, on balance, reported increased costs, down from 85% in Q3. 81% of firms reported increased costs by up to 5%, 1% by more than 5%, whilst 4% reported that costs has fallen by up to 5%. In Wales, 92% of firms, on balance, reported a rise in costs over the last 12 months. 81% reported increased costs by up to 5% and 12% by more than 5%.

## Contractors Unsatisfied with Supply



In Scotland, the most cited supply issue in Q4 was staff, according to 54% of firms, the highest balance since 2015 Q3. Skilled operatives and other operatives were also cited as an issue according to 44% and 35% of respondents, respectively. For other operatives, this was the highest balance since 2016 Q4. No issues were reported with either materials/products or plant. In Great Britain, the most cited supply issue was skilled operatives, with 39% of respondents identifying this as an issue, followed by staff (31%) and other operatives (26%). Plant and materials/products were also cited as an issue according to 2% and 1% of respondents, respectively. In England, 40% of respondents identified supply of skilled operatives as an issue, followed by other operatives (19%) and staff (12%). In Wales, staff were noted as having supply issues according to half of the respondents, along with skilled operatives (38%). The balance for staff was the highest since 2015 Q2.

## Workload Trends Survey

	Q4	2015Q1	Q2	Q3	Q4	2016Q1	Q2	Q3	Q4	2017Q1	Q2	Q3	Q4	2018Q1	Q2	Q3	Q4
<b>Workload (% balance)</b>	+27	+18	+28	+59	+12	+24	+32	-4	+16	-20	-24	+23	-21	-38	-33	-19	-42
<b>Expected Workload (% balance)</b>	+48	+45	+53	+46	+30	+39	+19	-20	-2	-51	-49	+6	-4	+3	-20	-11	-4
<b>Order Books (% balance)</b>	+30	+41	+11	+64	+13	+31	+50	+23	+23	-37	-3	+15	-43	-3	-48	-12	-48
<b>Expected New Orders (% balance)</b>																	
<i>New Work</i>	+51	+26	+31	+47	+27	+26	+8	-12	-12	-52	-42	+6	-23	0	-26	-18	-6
<i>R&amp;M</i>	+10	+8	+41	+36	+19	+23	-16	-14	-14	-43	-18	+7	0	-3	-31	-15	-2
<b>Employment (% balance)</b>																	
<i>Skilled operatives</i>	+43	+56	+56	+35	+46	+54	+53	+31	+38	-15	-11	+31	-4	-16	-26	-9	-8
<i>Other operatives</i>	+37	+55	+63	+40	+50	+46	+43	+18	+29	-25	-10	+28	-8	-27	-31	-31	-4
<i>Staff</i>	+42	+63	+38	+40	+54	+40	+59	+31	+27	-22	0	+31	+2	+11	-23	+11	+12
<b>Expected Employment (% balance)</b>																	
<i>Operative jobs</i>	+44	+51	+38	+51	+30	+51	+30	-15	-2	-29	-33	+3	+8	+11	-6	+4	+8
<i>Employment of staff</i>	+56	+48	+19	+49	+34	+44	+24	-12	+2	-27	-22	+13	-13	+11	-9	+7	+17
<b>Costs*</b>																	
<b>Costs Compared with 12 Months Ago (%)</b>																	
Falling	0	0	0	0	0	0	0	0	0	0	0	0	2	3	0	0	0
Unchanged	0	0	3	0	4	0	0	0	0	0	0	0	2	5	10	0	0
Slower	22	15	13	0	11	2	15	21	7	6	9	3	21	11	8	9	4
Same rate	75	79	81	83	77	88	68	48	64	70	74	88	67	70	72	86	94
Faster	3	6	3	17	9	10	18	31	29	23	17	9	8	11	10	6	2
<b>Cost (%) Balance</b>	+78	+85	+81	+100	+82	+98	+85	+79	+93	+94	+91	+97	+71	+73	+72	+91	+96
<b>Tender Prices (% balance)</b>																	
<i>New work</i>	+59	+38	+56	+58	+23	+54	+39	+63	+45	+51	+51	+38	+4	+19	+13	+32	+17
<i>R&amp;M</i>	+38	+52	+59	+59	+23	+44	+33	+60	+42	+46	+38	+21	-12	+15	+10	+27	+15
<b>Supply of Resources Required (%)</b>																	
<i>Skilled Operatives</i>	62	66	63	33	45	51	49	32	55	40	24	38	42	51	49	46	44
<i>Other Operatives</i>	32	8	13	9	4	20	23	15	37	3	16	31	23	32	33	33	35
<i>Staff</i>	61	58	66	62	41	37	43	38	36	21	22	25	19	27	44	25	54
<i>Plant</i>	5	23	9	7	9	2	5	5	8	2	0	0	0	0	3	14	0
<i>Materials and Products</i>	5	6	6	21	2	9	15	2	8	3	0	9	0	3	13	11	0

\*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 Q4 Scotland survey totalled 24. 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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