Scotland - Workload Trends 2019 Q1

Sixth consecutive fall in workloads and new orders in Q1

Weighted Balances (%)

Change on 12 Months Ago

Workload

2018 Q1	-38
2019 Q1	-26

Tender Prices

New Work

2018 Q1	+19
2019 Q1	+22

R&M Work

2018 Q1	+15
2019 Q1	+30

Order Books

2018 Q1	-3
2019 Q1	-26

Over the Next 12 Months

Expected Workload

2018 Q1	+3
2019 Q1	-21

Expected Orders

New Work

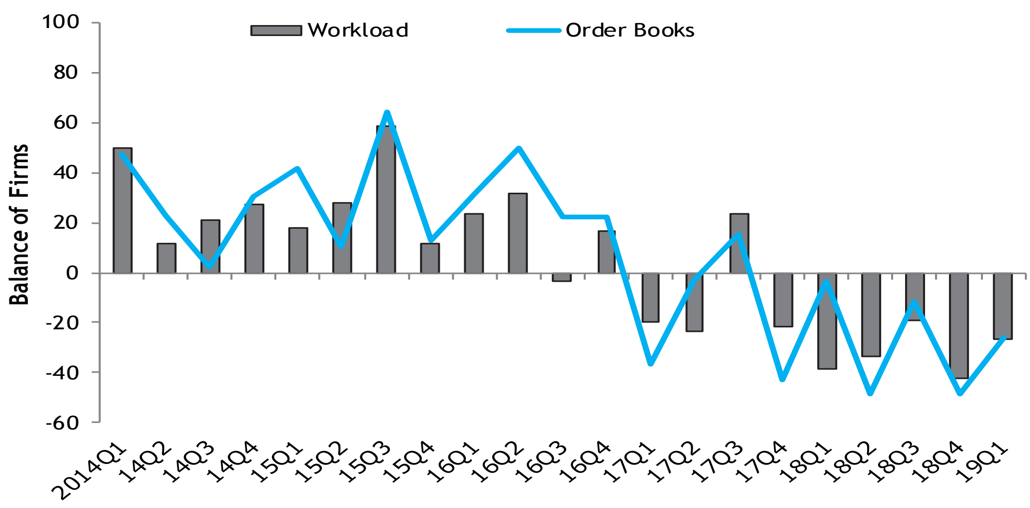
2018 Q1	0
2019 Q1	-18

R&M Work

2018 Q1	-3
2019 Q1	-3

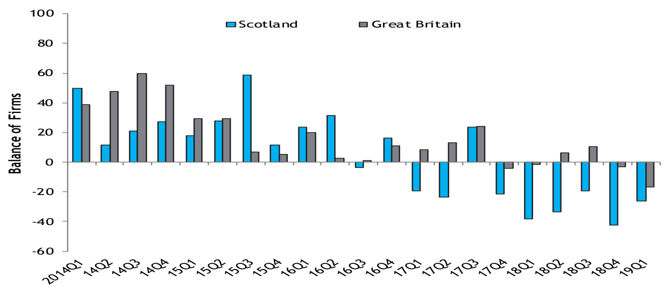
- In Q1, 26% of Scottish firms, on balance, reported an annual fall in workloads, the sixth successive quarter of decline.
- 26% of Scottish firms, on balance, reported that orders had declined in Q1, and 21% expect a fall in workloads during the next 12 months.
- On balance, 93% of firms in Scotland reported that costs increased in Q1.
- In Scotland, 48% of firms, on balance, reported supply issues with staff, and 45% reported supply issues with skilled operatives.

Change in Workload and Order Books – Scotland



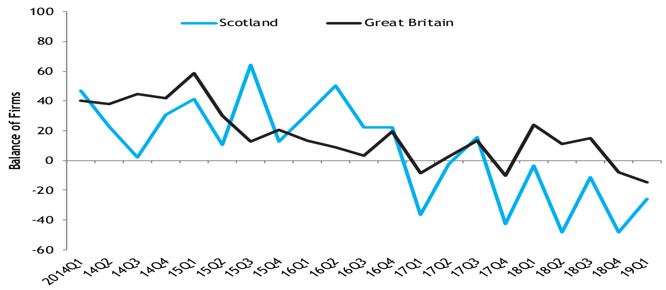
Recent Trends

Workload Compared to 12 Months Ago



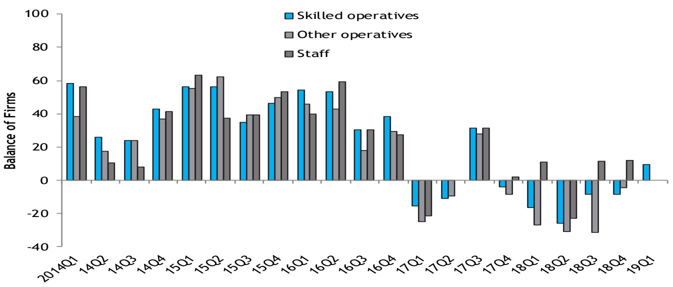
Workloads contracted in Scotland, on balance, for a sixth consecutive quarter in Q1. On balance, 26% of respondents reported a decrease in workloads on a year ago, compared to a balance of -42% reported in Q4. Overall, 50% of the respondents reported that workloads had fallen, and 24% reported that workloads had risen. In Great Britain, 17% of firms, on balance, reported that workloads decreased compared to a year ago, worsening from a balance of 3% that reported a decrease in Q4. In total, 39% of firms reported that workloads had fallen. In England, 25% of firms, on balance, reported that workloads increased compared to 12 months ago, down from 3% that reported an increase in Q4. In Wales, 20% of firms, on balance, reported a decrease in workloads in Q1, compared to a positive balance of 11% in Q4.

Order Books Compared to 12 Months Ago



Order books fell in Scotland for a sixth consecutive quarter in 2019 Q1. 26% of the respondents, on balance, reported that order books had decreased compared to 12 months ago, up from -48% in Q4. Overall, 35% of the respondents reported that orders had decreased, and 10% reported an increase. In Great Britain, 15% of firms, on balance, reported that order books had decreased compared to a year earlier, compared to a balance of 8% reporting that orders had declined in Q4. Overall, 34% of firms reported that orders had fallen. Orders in England fell, on balance, according to 24% of firms, the second quarter of decline. In total, 39% of firms reported that orders has decreased. In Wales, 20% of firms, on balance, reported that order books had decreased, down from a balance of -14% in Q4 and the lowest in two years.

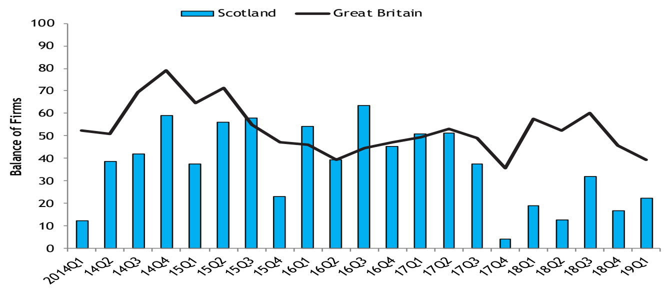
Employment Compared to 12 Months Ago



Employment data for Scotland improved slightly in Q1. Employment of skilled operatives increased for the first time in six quarters in Q1, according to 10% of firms, on balance. For staff and other operatives, zero balances were recorded as equal proportions of respondents reported either an increase or decrease. In Britain, on balance, employment of skilled operatives and staff increased according to 1% and 5% of firms, respectively. For other operatives, 2% of firms, on balance, reported a decrease in employment. In England, on balance, employment of skilled operatives and other operatives decreased according to 10% and 18% of firms, respectively. In Wales, on balance, employment of skilled operatives, other operatives and staff fell according to 23%, 14% and 5% of firms, respectively. For skilled operatives and other operatives, these balances were the lowest in two years.

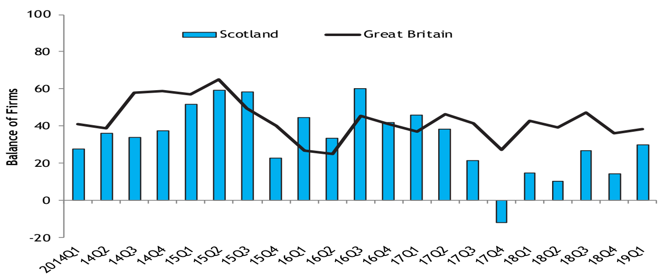
Tender Prices

Tender Prices of New Work



In Scotland, 22% of firms, on balance, reported that tender prices for new work increased in Q1 with 28% of all respondents reporting higher tender prices and 67% reporting no change. This compared to a balance of 17% in 2018 Q4. In Great Britain, tender prices for new work increased compared to 12 months ago, according to 39% of respondents, on balance, the lowest since 2017 Q4. In England, prices increased, on balance, according to 31% of respondents, the lowest since 2013 Q4. In total, 44% of respondents reported rises, whilst 43% reported no change. In Wales, 64% of respondents reported an increase in tender prices for new work, up from 46% in Q4. Overall, 64% of the respondents reported higher tender prices compared to a year earlier, but 36% reported no change.

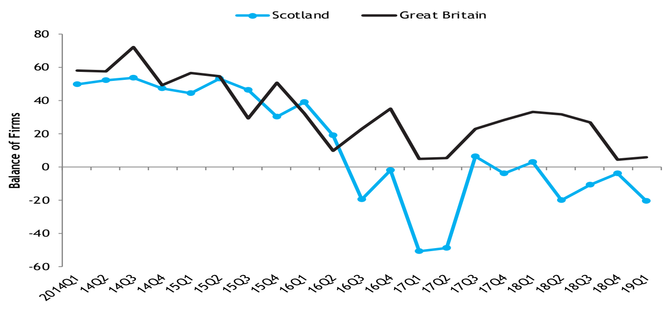
Tender Prices of R&M Work



In Scotland, 33% of respondents reported that tender prices for R&M work were higher compared to a year earlier. 65% reported that prices were unchanged and 3% of firms reported declines, leaving a positive balance of 30%. In Britain, on balance, 38% of respondents, reported that tender prices increased compared to 12 months ago. 45% of all respondents reported that prices had risen. In England, 27% of the respondents, on balance, reported that tender prices were higher in Q1 than they were 12 months earlier, compared to 39% in Q4. Nearly half (46%) of all respondents reported that tender prices were unchanged. In Wales, 55% of the respondents reported increased tender prices, whilst no firms reported that they had fallen, leaving a balance of 55%.

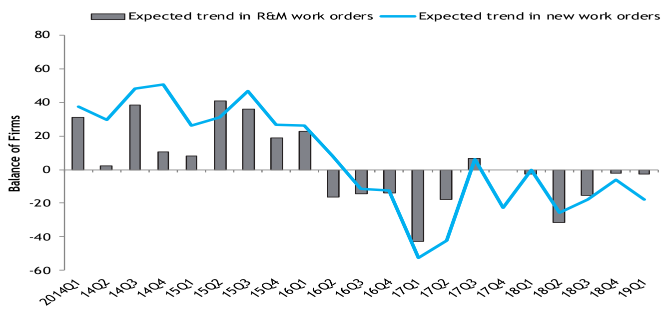
Expected Future Trends

Expected Workloads in the Next 12 Months



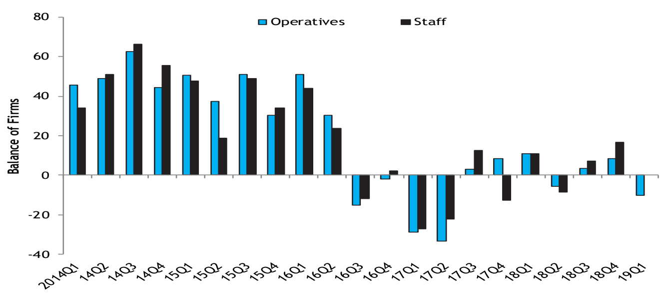
For a fourth consecutive quarter, Scottish firms anticipated a fall in workloads in Q1. On balance, 21% of firms expected workloads to decrease in the next 12 months, compared to a balance of -4% reported in 2018 Q4. Overall, 54% of the respondents expected workloads to remain unchanged, and one-third expected workloads to decrease. In Britain, a balance of only 6% of respondents reported that they expected workloads to rise over the next year, which is up from 4% in Q4, but down from 27% in Q3. 49% of the respondents expected workloads to remain unchanged, and 28% expected workloads to increase. In England, 17% of firms, on balance, expected workloads to increase in the coming 12 months, up from 7% in Q4. In Wales, 5% of firms, on balance, expected workloads to increase in the next year, down from 13% in Q4. This marked the lowest balance since 2014 Q2.

Expected New Orders in the Next 12 Months



The 12-month outlook for new orders remained weak for a sixth consecutive quarter in Q1. 18% of Scottish firms, on balance, expected orders for new work to fall over the next 12 months, and for a fifth consecutive quarter a negative balance (-3%) was reported for R&M orders. In Britain, 6% of firms, on balance, expected an increase in new orders over the coming year. For R&M, 21% of firms expected either an increase or decrease in orders over the coming year, resulting in a zero balance in Q1. In England, 21% of firms, on balance, anticipated growth in new work orders over the coming year and 15%, on balance, expected R&M orders to increase. In Wales, 10% of firms, on balance, expected order books to decrease over the next 12 months, whilst for R&M orders, a negative balance of -53% was reported, the lowest since 2017 Q1.

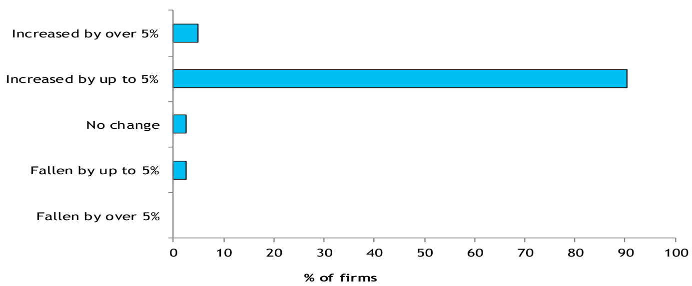
Expected Employment in the Next 12 Months



In Scotland, hiring intentions for the next 12 months worsened in Q1. On balance, 10% of firms expected employment of operatives to decrease and no firms, on balance, anticipated staff employment to rise over the coming year. 74% of respondents expected employment of staff to remain unchanged, however. In Britain, on balance, 19% of firms expected employment of staff to increase and 11% expected operatives employment to rise. Both balances improved slightly from those recorded in Q4. In England, 24% of firms, on balance, expected employment of operatives to increase, and for staff, a balance of 26% was recorded. Both balances for England were the highest in three quarters. In Wales, operatives employment is expected to increase according to a balance of 10% of firms, with a zero balance recorded for staff.

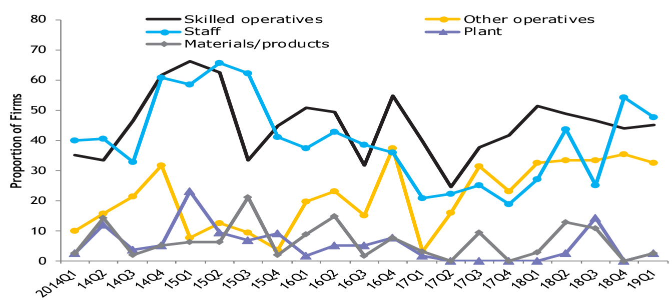
Costs and Supply Constraints

Change in Costs Compared to 12 Months Ago



In Scotland, 93% of respondents, on balance, reported that costs increased over the last 12 months, down from 96% in Q4. 90% of firms reported that costs had increased by up to 5% and 5% by more than 5%, whilst 2% of firms reported that costs had fallen. In Britain, on balance, 91% of firms, reported that costs had risen over the last 12 months, compared to 86% in Q4. This was the highest balance on record. 86% of respondents reported increased costs by up to 5%, 5% by more than 5%, whilst 1% reported that costs had fallen. In England, 87% of firms, on balance, reported increased costs, up from 79% in Q4. 81% of firms reported increased costs by up to 5%, 6% by more than 5%, whilst no firms reported a fall in costs. In Wales, 95% of firms, on balance, reported a rise in costs over the last 12 months. 90% reported increased costs by up to 5% and 5% by more than 5%.

Contractors Unsatisfied with Supply



In Scotland, the most cited supply issue in Q1 was staff, according to 48% of firms. Skilled operatives and other operatives were also cited as an issue according to 45% and 33% of respondents, respectively. In addition, 3% of firms reported issues with both materials/products or plant in Q1. In Great Britain, the most cited supply issue was staff, with 33% of respondents identifying this as an issue, followed by skilled operatives (32%) and other operatives (16%). Plant and materials/products were also cited as an issue according to 2% and 7% of respondents, respectively. In England, 32% of respondents identified supply of skilled operatives as an issue, followed by staff (31%) and other operatives (8%). In Wales, a low proportion of respondents reported supply issues in Q1. 9% of firms noted supply issues with both skilled operatives and staff.

Workload Trends Survey

	2015Q1	Q2	Q3	Q4	2016Q1	Q2	Q3	Q4	2017Q1	Q2	Q3	Q4	2018Q1	Q2	Q3	Q4	2019Q1
Workload (% balance)	+18	+28	+59	+12	+24	+32	-4	+16	-20	-24	+23	-21	-38	-33	-19	-42	-26
Expected Workload (% balance)	+45	+53	+46	+30	+39	+19	-20	-2	-51	-49	+6	-4	+3	-20	-11	-4	-21
Order Books (% balance)	+41	+11	+64	+13	+31	+50	+23	+23	-37	-3	+15	-43	-3	-48	-12	-48	-26
Expected New Orders (% balance)																	
New Work	+26	+31	+47	+27	+26	+8	-12	-12	-52	-42	+6	-23	0	-26	-18	-6	-18
R&M	+8	+41	+36	+19	+23	-16	-14	-14	-43	-18	+7	0	-3	-31	-15	-2	-3
Employment (% balance)																	
Skilled operatives	+56	+56	+35	+46	+54	+53	+31	+38	-15	-11	+31	-4	-16	-26	-9	-8	+10
Other operatives	+55	+63	+40	+50	+46	+43	+18	+29	-25	-10	+28	-8	-27	-31	-31	-4	0
Staff	+63	+38	+40	+54	+40	+59	+31	+27	-22	0	+31	+2	+11	-23	+11	+12	0
Expected Employment (% balance)																	
Operative jobs	+51	+38	+51	+30	+51	+30	-15	-2	-29	-33	+3	+8	+11	-6	+4	+8	-10
Employment of staff	+48	+19	+49	+34	+44	+24	-12	+2	-27	-22	+13	-13	+11	-9	+7	+17	0
Costs*																	
Costs Compared with 12 Months Ago (%)																	
Falling	0	0	0	0	0	0	0	0	0	0	0	2	3	0	0	0	0
Unchanged	0	3	0	4	0	0	0	0	0	0	0	2	5	10	0	0	2
Slower	15	13	0	11	2	15	21	7	6	9	3	21	11	8	9	4	2
Same rate	79	81	83	77	88	68	48	64	70	74	88	67	70	72	86	94	90
Faster	6	3	17	9	10	18	31	29	23	17	9	8	11	10	6	2	5
Cost (%) Balance	+85	+81	+100	+82	+98	+85	+79	+93	+94	+91	+97	+71	+73	+72	+91	+96	+93
Tender Prices (% balance)																	
New work	+38	+56	+58	+23	+54	+39	+63	+45	+51	+51	+38	+4	+19	+13	+32	+17	+22
R&M	+52	+59	+59	+23	+44	+33	+60	+42	+46	+38	+21	-12	+15	+10	+27	+15	+30
Supply of Resources Required (%)																	
Skilled Operatives	66	63	33	45	51	49	32	55	40	24	38	42	51	49	46	44	45
Other Operatives	8	13	9	4	20	23	15	37	3	16	31	23	32	33	33	35	33
Staff	58	66	62	41	37	43	38	36	21	22	25	19	27	44	25	54	48
Plant	23	9	7	9	2	5	5	8	2	0	0	0	0	3	14	0	3
Materials and Products	6	6	21	2	9	15	2	8	3	0	9	0	3	13	11	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 2019 Q1 Scotland survey totalled 21. 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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