Scotland - Workload Trends 2020 Q2

Activity falls amid COVID-19 lockdown in Q2

Weighted Balances (%)

Change on 12 Months Ago

Workload

2019 Q2	-4
2020 Q2	-35

Tender Prices

New Work

2019 Q2	+27
2020 Q2	+26

R&M Work

2019 Q2	+42
2020 Q2	+39

Order Books

2019 Q2	+5
2020 Q2	-18

Over the Next 12 Months

Expected Workload

2019 Q2	-38
2020 Q2	-26

Expected Orders

New Work

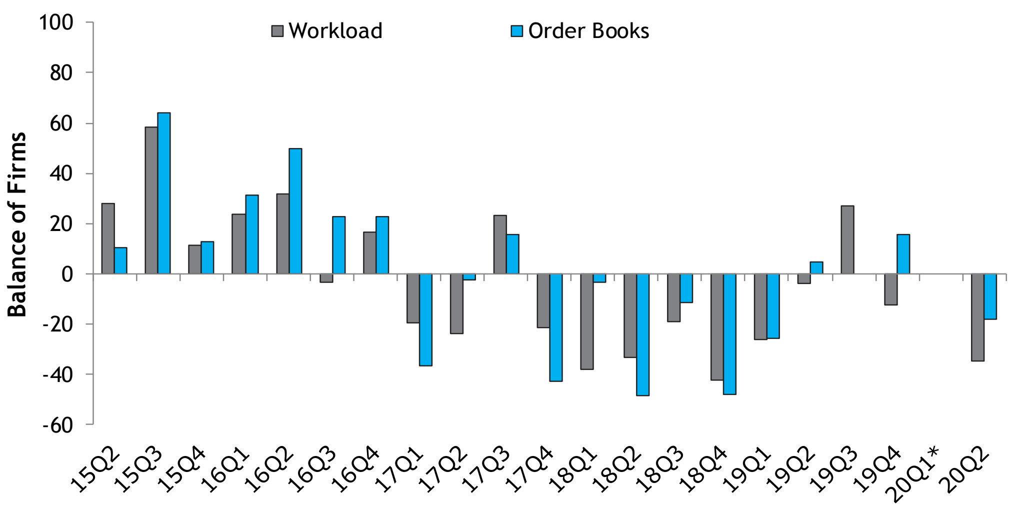
2019 Q2	-46
2020 Q2	-39

R&M Work

2019 Q2	-12
2020 Q2	+5

- In Q2, 35% of Scottish firms, on balance, reported a fall in workloads compared with a year ago.
- Order books declined, according to 18% of Scottish firms, on balance.
- Workload expectations for the year ahead were weak in Q2, with a balance of 26% of firms expecting a fall.
- Employment fell in Q2 and forward-looking balances were the lowest in a decade.
- Costs increased according to 87% of Scottish firms, on balance.

Change in Workload and Order Books – Scotland



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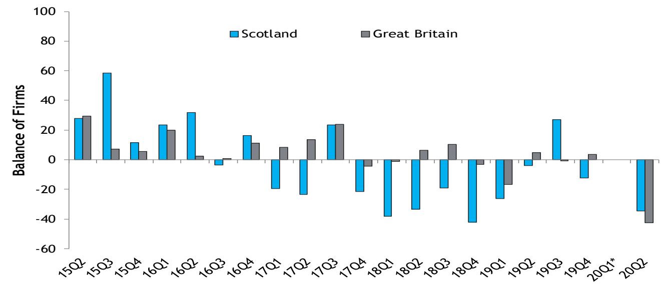
Recent Trends

Workload Compared to 12 Months Ago



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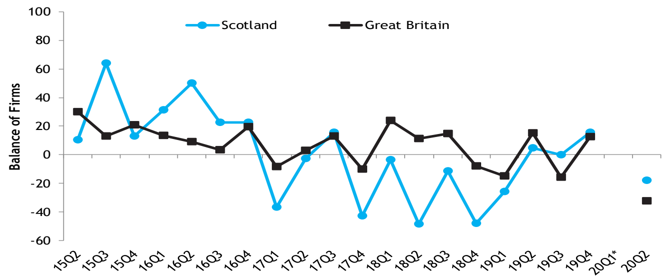
Workloads declined in Q2, as the full impact of the coronavirus and associated lockdown measures imposed by the Scottish Government is felt. On balance, 35% of respondents reported a decrease in workloads on a year ago, the lowest balance since 2018 Q4. Overall, 57% of the respondents reported that workloads had fallen, and 22% reported that workloads had risen. In Great Britain, 43% of firms, on balance, reported an annual fall in workloads, the lowest balance in nearly 11 years. In total, 57% of firms reported that workloads had decreased. In England, 38% of firms, on balance, reported that workloads had decreased compared to 12 months ago, the lowest balance in eight years. In Wales, workloads declined in Q2, according to a balance of 92% of firms. This was the lowest balance since records began in 2005 Q1.

Order Books Compared to 12 Months Ago



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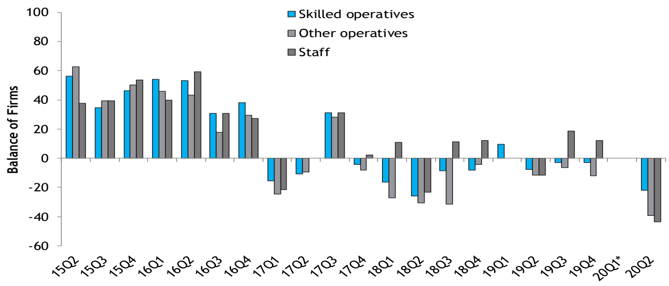
In Scotland, a balance of 18% of firms reported that orders had decreased in Q2 compared to a year earlier. Overall, more than half (55%) of the respondents reported that orders had decreased, and 36% reported an increase. In Great Britain, 32% of firms, on balance, reported that order books had decreased compared to a year earlier, the lowest balance in nine years. In total, 52% of firms reported that orders had decreased. In England, one-third of firms, on balance, reported that order books had declined, the weakest balance since 2011 Q3. Overall, 49% of firms reported that orders had decreased. Similarly, in Wales, 62% of firms, on balance, reported that order books had decreased. No firms reported that order books had increased.

Employment Compared to 12 Months Ago



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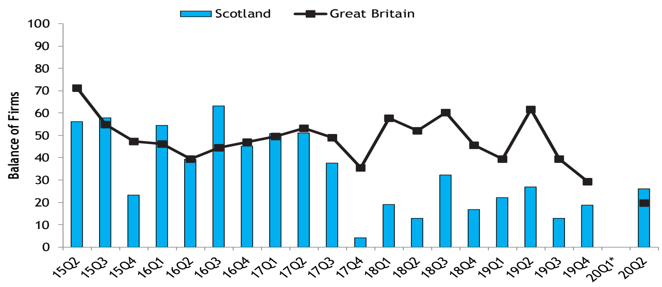
Employment of all types of worker declined in Scotland during the second quarter of 2020. On balance, 43% of respondents reported that employment decreased for staff and 39% for other operatives. The former balance was the lowest since 2011 Q1, while the latter marked the lowest since 2011 Q4. For skilled operatives a balance of 22% of respondents reported that employment decreased. In Britain, employment of other operatives, staff and skilled operatives fell according to a balance of 26%, 25% and 10% of firms, respectively, the lowest balances in a decade. In England, employment of staff, other operatives and skilled operatives fell according to a balance of 20%, 14% and 3% of firms, respectively. The balance for staff was the lowest in a decade. Similarly, in Wales, balances were negative across all three types; -79% for other operatives (lowest since 2010 Q3), -60% for skilled operatives and –47% for staff (lowest since 2011 Q4).

Tender Prices

Tender Prices of New Work



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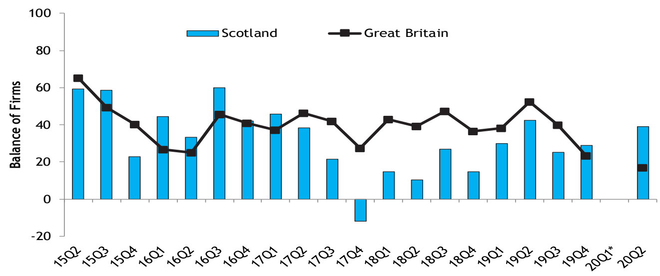
In Scotland, 26% of firms, on balance, reported that tender prices for new work increased in Q2 with 39% of all respondents reporting higher tender prices and 48% reporting no change. In Great Britain, 20% of firms, on balance, reported an increase in tender prices for new work, the lowest balance in nearly seven years. Overall, approximately half (52%) of the respondents reported no change. In England, prices increased, on balance, according to 18% of respondents, the lowest since 2013 Q1. In total, nearly half (49%) of the respondents reported no change in tender prices. In Wales, one-third of firms, on balance, reported an increase in tender prices for new work. Overall, 40% of the respondents reported higher tender prices compared to a year earlier, but 53% reported no change.

Tender Prices of R&M Work



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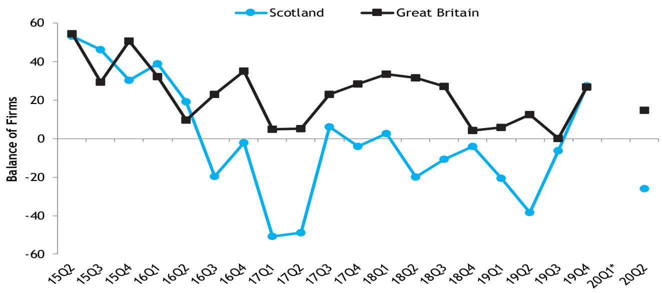
In Scotland, 39% of respondents, on balance, reported that tender prices for R&M work were higher compared to a year earlier. Nearly half (52%) of all respondents reported that prices had increased, whilst 35% of firms reported no change. In Britain, on balance, 17% of respondents, reported that tender prices increased compared to 12 months ago, the lowest balance in nearly seven years. 59% of all respondents reported that prices were unchanged. In England, 14% of the respondents, on balance, reported that tender prices were higher in Q2, the lowest since 2013 Q3. 61% of the respondents reported that tender prices were unchanged, whilst 27% reported that they had risen. In Wales, 29% of the respondents reported increased tender prices, whilst 7% reported that they had fallen, leaving a balance of 21%.

Expected Future Trends

Expected Workloads in the Next 12 Months



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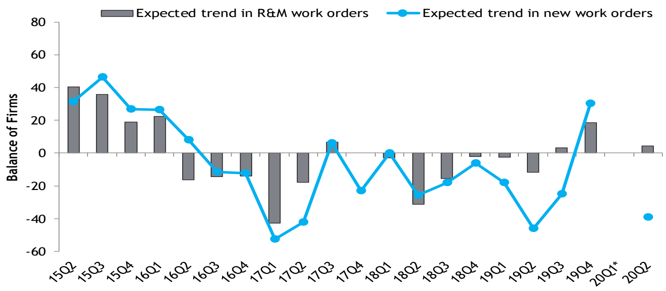
In Q2, Scottish firms were downbeat on workload expectations for the year ahead. On balance, 26% of Scottish firms expected workloads to decline over the next 12 months. Overall, 48% of the respondents expected workloads to fall, and 30% expected workloads to remain unchanged. In Britain, a balance of 15% of respondents reported that they expected workloads to increase over the next year. 40% of the respondents expected workloads to remain unchanged, and 37% expected workloads to increase. In England, 24% of firms, on balance, expected workloads to increase in the coming 12 months. Similarly, in Wales, more than two-thirds (67%) of firms, on balance, expected workloads to increase in the next year. This marked the highest balance since 2018 Q2.

Expected New Orders in the Next 12 Months



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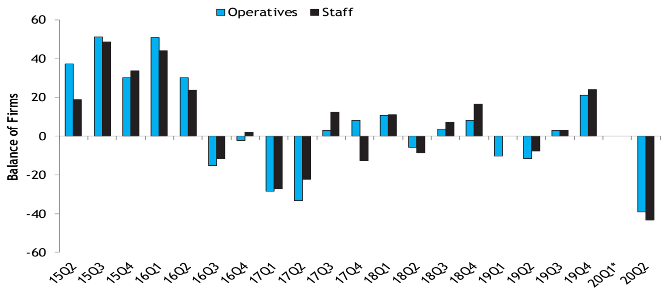
New orders expectations for the next 12 months also remained weak in Q2. 39% of Scottish firms, on balance, expected orders for new work to decrease over the coming 12 months, whilst for R&M orders, a balance of only 5% was recorded. In Britain, 11% of firms, on balance, expected order books to improve over the coming year. For R&M, a balance of 14% expected orders to increase during the next 12 months. In England, one-quarter of firms, on balance, anticipated growth in new work orders over the coming year and 13%, on balance, expected R&M orders to increase. In Wales, 60% of firms, on balance, expected new work orders to increase over the next 12 months, whilst for R&M orders, a balance of 79% was reported, the highest since records began in 2005 Q1.

Expected Employment in the Next 12 Months



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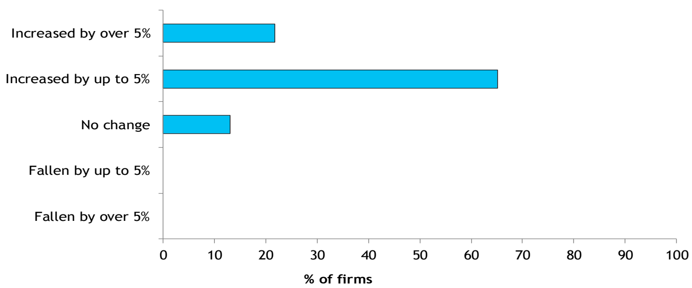
In Scotland, hiring intentions for the year ahead were negative in Q2. On balance, 43% of firms expected employment of staff to decrease and 39% also anticipated operatives employment to fall in the next 12 months. Both balances were the lowest in a decade. In Britain, on balance, 18% of firms expected employment of operatives to increase and only 4% expected staff employment to rise, the lowest since 2012 Q4. In England, 31% of firms, on balance, expected employment of operatives to increase, and for staff, a balance of 13% was recorded. In Wales, 71% and 67% of firms, on balance, anticipated a rise in staff and operatives employment, respectively.

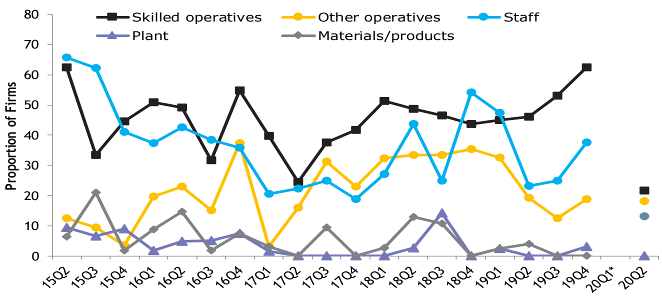
Costs and Supply Constraints

Change in Costs Compared to 12 Months Ago



In Scotland, 87% of respondents, on balance, reported that costs increased over the last 12 months. Nearly two-thirds (65%) of Scottish firms reported that costs had increased by up to 5% and 22% by more than 5%, whilst no firms reported that costs had fallen. In Britain, on balance, 68% of firms, reported that costs had risen over the last 12 months, 63% by up to 5%, 9% by more than 5%, whilst 4% reported that costs had fallen. In England, 59% of firms, on balance, reported increased costs, the lowest balance since 2012 Q2. 63% of firms reported increased costs by up to 5%, 3% by more than 5%, whilst 27% of firms reported no change in costs. In Wales, 93% of firms, on balance, reported an increase in costs over the last 12 months, with 93% of firms reporting increases by up to 5%. No firms in Wales reported that prices had fallen in Q2.

Contractors Unsatisfied with Supply



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In Scotland, the most cited supply issue in Q2 was skilled operatives (22%), followed by other operatives (18%), staff and materials/products (both 13%). The proportion for both skilled operatives and staff were the lowest in nearly seven years. No issues were reported with the supply of plant. In Great Britain, the most cited supply issue was skilled operatives, with 23% of respondents identifying this as an issue, followed by materials/products (14%). The proportion for materials/products was the highest six years. 13% also reported issues with the availability of both other operatives and staff, whilst only 1% noted issues with plant. In England, 28% of respondents identified supply of skilled operatives as an issue, followed by staff (18%), other operatives (17%), materials/products (5%) and plant (2%). In Wales, 13% of respondents reported dissatisfaction with the supply of both skilled operatives and materials/products. No issues were reported with other operatives, staff and plant.

Workload Trends Survey

	Q2	Q3	Q4	2017Q1	Q2	Q3	Q4	2018Q1	Q2	Q3	Q4	2019Q1	Q2	Q3	Q4	2020Q1**	Q2
Workload (% balance)	+32	-4	+16	-20	-24	+23	-21	-38	-33	-19	-42	-26	-4	+27	-13		-35
Expected Workload (% balance)	+19	-20	-2	-51	-49	+6	-4	+3	-20	-11	-4	-21	-38	-6	+27		-26
Order Books (% balance)	+50	+23	+23	-37	-3	+15	-43	-3	-48	-12	-48	-26	+5	0	+16		-18
Expected New Orders (% balance)																	
New Work	+8	-12	-12	-52	-42	+6	-23	0	-26	-18	-6	-18	-46	-25	+30		-39
R&M	-16	-14	-14	-43	-18	+7	0	-3	-31	-15	-2	-3	-12	+3	+19		+5
Employment (% balance)																	
Skilled operatives	+53	+31	+38	-15	-11	+31	-4	-16	-26	-9	-8	+10	-8	-3	-3		-22
Other operatives	+43	+18	+29	-25	-10	+28	-8	-27	-31	-31	-4	0	-12	-6	-12		-39
Staff	+59	+31	+27	-22	0	+31	+2	+11	-23	+11	+12	0	-12	+19	+12		-43
Expected Employment (% balance)																	
Operative jobs	+30	-15	-2	-29	-33	+3	+8	+11	-6	+4	+8	-10	-12	+3	+21		-39
Employment of staff	+24	-12	+2	-27	-22	+13	-13	+11	-9	+7	+17	0	-8	+3	+24		-43
Costs*																	
Costs Compared with 12 Months Ago (%)																	
Falling	0	0	0	0	0	0	2	3	0	0	0	0	0	0	0		0
Unchanged	0	0	0	0	0	0	2	5	10	0	0	2	0	0	0		0
Slower	15	21	7	6	9	3	21	11	8	9	4	2	8	9	9		13
Same rate	68	48	64	70	74	88	67	70	72	86	94	90	85	84	85		65
Faster	18	31	29	23	17	9	8	11	10	6	2	5	8	6	6		22
Cost (%) Balance	+85	+79	+93	+94	+91	+97	+71	+73	+72	+91	+96	+93	+92	+91	+91		+87
Tender Prices (% balance)																	
New work	+39	+63	+45	+51	+51	+38	+4	+19	+13	+32	+17	+22	+27	+13	+19		+26
R&M	+33	+60	+42	+46	+38	+21	-12	+15	+10	+27	+15	+30	+42	+25	+29		+39
Supply of Resources Required (%)																	
Skilled Operatives	49	32	55	40	24	38	42	51	49	46	44	45	46	53	63		22
Other Operatives	23	15	37	3	16	31	23	32	33	33	35	33	19	13	19		18
Staff	43	38	36	21	22	25	19	27	44	25	54	48	23	25	38		13
Plant	5	5	8	2	0	0	0	0	3	14	0	3	0	0	3		0
Materials and Products	15	2	8	3	0	9	0	3	13	11	0	3	4	0	0		13

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

**Please note that the Workload Trends Survey was not run in 2020 Q1 due to the impact of the coronavirus (COVID-19) on the response rate.

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

The number of contractors taking part in CECA's 2020 Q2 Scotland survey totalled 26. 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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