# Scotland - Workload Trends 2021 Q1

## Supply issues rise as optimism hits a six-year high

### Weighted Balances (%)

**Change on 12 Months Ago**

| | |
|---|---|
| **Workload** | |
| 2020 Q4 | +23 |
| 2021 Q1 | +24 |
| **Tender Prices** | |
| *New Work* | |
| 2020 Q4 | +45 |
| 2021 Q1 | +64 |
| *R&M Work* | |
| 2020 Q4 | +55 |
| 2021 Q1 | +41 |
| **Order Books** | |
| 2020 Q4 | +36 |
| 2021 Q1 | +10 |

**Over the Next 12 Months**

| | |
|---|---|
| **Expected Workload** | |
| 2020 Q4 | +14 |
| 2021 Q1 | +47 |
| **Expected Orders** | |
| *New Work* | |
| 2020 Q4 | +26 |
| 2021 Q1 | +42 |
| *R&M Work* | |
| 2020 Q4 | +21 |
| 2021 Q1 | +14 |

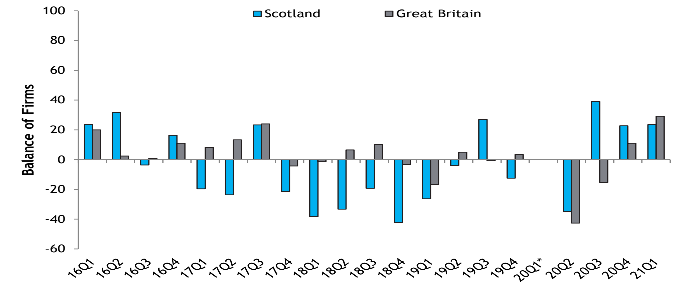
- In Q1, 24% of Scottish firms, on balance, reported an annual rise in workloads.
- 47% and 42% of Scottish firms expected workloads and orders, respectively, to increase over the next 12 months, the highest balances in six years.
- 64% of firms reported higher tender prices for new construction work, the highest balance since 2008 Q3.
- The proportion citing issues with the supply of skilled operatives and other operatives hit multi-year highs.
- 31% of firms also cited supply issues with materials/ products, the highest proportion in nearly 13 years.

**Change in Workload and Order Books — Scotland**


*The survey was not run in 2020 Q1 due to COVID-19

# Recent Trends

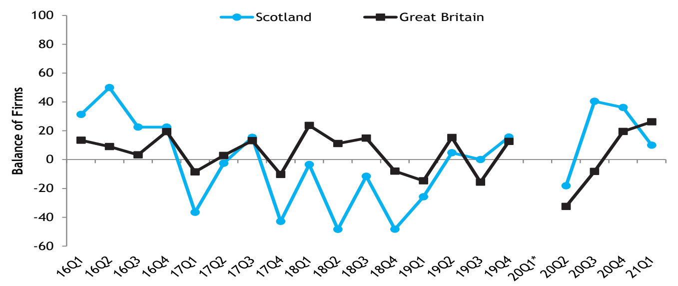
## Workload Compared to 12 Months Ago




*The survey was not run in 2020 Q1 due to COVID-19

Workloads in Scotland rose, on balance, for a third consecutive quarter in Q1, even though a second national lockdown was reintroduced from 5 January. On balance, 24% of respondents reported an increase in workloads on a year ago, up slightly from 23% recorded in Q4. Overall, 62% of the respondents reported that workloads increased, and 38% reported that workloads had fallen. In Great Britain, 29% of firms, on balance, reported that workloads rose compared to a year earlier, up from 11% in Q4 and the highest balance in six years. In total, more than half (52%) of the respondents reported that workloads had increased. In Q1, 5% of firms in England and 93% of firms in Wales, on balance, reported that workloads had increased compared to a year earlier. For Wales, this was highest balance since records began in 2005 Q1.

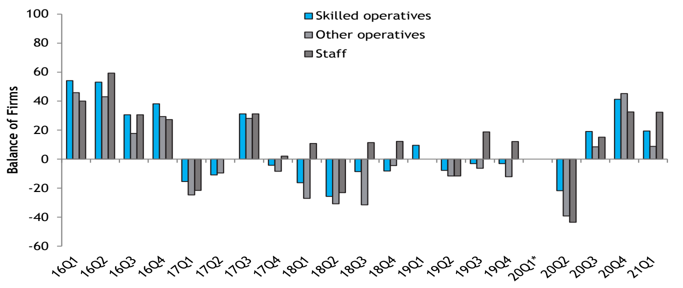
## Order Books Compared to 12 Months Ago




*The survey was not run in 2020 Q1 due to COVID-19

In Scotland, a balance of 10% of respondents reported that orders had increased in Q1 compared to a year earlier. Overall, 53% of respondents reported that orders had increased, and 43% reported a fall. In Great Britain, 26% of firms, on balance, reported that order books had increased compared to a year earlier, up from 20% in Q4 and marking the highest balance in six years. In total, 47% of firms reported that orders had increased. In England, 9% of firms, on balance, reported that order books had increased compared to a year ago, up from 3% recorded in the previous quarter. Overall, 59% of respondents reported that orders were unchanged. Similarly in Wales, orders rose on an annual basis in Q1, according to 93% of firms, the highest balance on record.

## Employment Compared to 12 Months Ago

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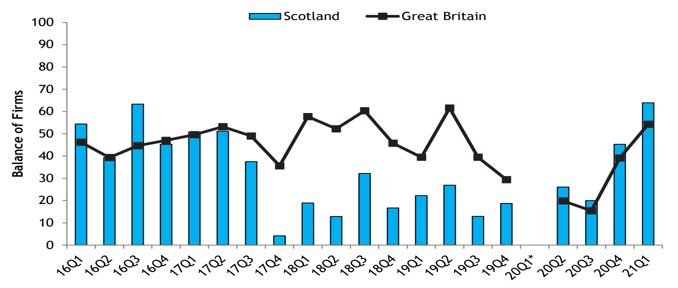
Although firms in Scotland continued to increase employment for all types of worker in Q1, the balances were lower than those recorded at the end of 2020. On balance, employment of staff, skilled operatives and other operatives rose according to 32%, 19% and 9% of firms, respectively. In Britain, 22% and 17% of firms reported annual increases in the employment of skilled operatives and other operatives respectively, the highest balances in nearly four years. For staff, a balance of 27% of firms reported an increase in employment in Q1, up from -2% in Q4. In England, employment balances were +8% for staff, +2% for skilled operatives and 0% for other operatives. In Wales, employment of skilled operatives, other operatives and staff all rose, according to a balance of 86% of firms.

# Tender Prices

## Tender Prices of New Work

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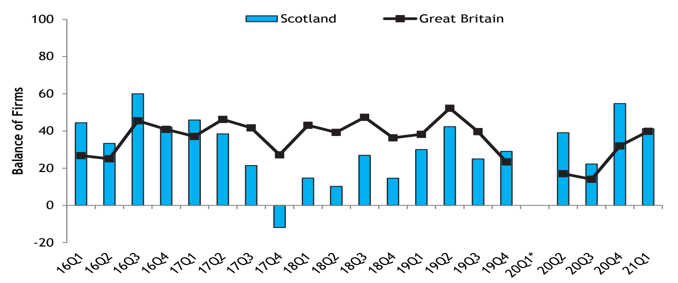
In Scotland, nearly two-thirds (64%) of firms, on balance, reported that tender prices for new work increased in Q1 compared to a year earlier, the highest balance since 2008 Q3. 64% of all respondents reported higher tender prices and 36% reported no change. In Great Britain, tender prices for new work increased compared to 12 months ago, according to 54% of respondents, on balance. This marked the highest balance in two years. In England, tender prices increased on balance, according to 42% of respondents, and overall half of the respondents reported rises, whilst 42% reported no change. In Wales, 93% of firms, on balance, reported an annual increase in tender prices for new work, up from 67% in Q4 and the highest balance in two years. Overall, 93% of the respondents reported higher tender prices compared to a year earlier, but 7% reported no change.

## Tender Prices of R&M Work

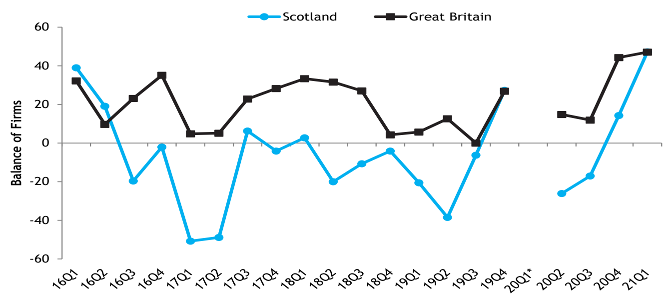



*The survey was not run in 2020 Q1 due to COVID-19

In Scotland, 41% of respondents, on balance, reported that tender prices for R&M work were higher compared to a year earlier, down from a near five-year high balance of 55% in Q4. 59% of all respondents reported that prices were unchanged and 41% of firms reported increases. In Britain, on balance, 40% of respondents, reported that tender prices increased compared to 12 months ago, up from 32% in Q4 and the highest balance in nearly two years. Approximately half (49%) of all respondents reported that prices were unchanged. In England, 36% of the respondents, on balance, reported that tender prices were higher in Q1 than they were 12 months earlier, up from 15% in the previous quarter. In Wales, half of the respondents reported increased tender prices, whilst no firms reported that they had fallen, leaving a balance of 50%, the highest in two years.

# Expected Future Trends

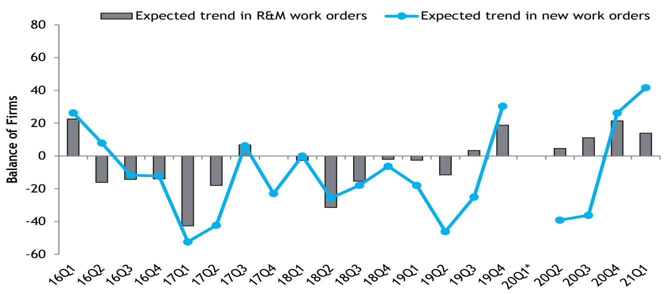
## Expected Workloads in the Next 12 Months




*The survey was not run in 2020 Q1 due to COVID-19

In Scotland, workload expectations at the 12-month horizon remained positive in Q1. On balance, 47% of firms expected workloads to increase over the next 12 months, up from 14% in Q4 and the highest balance in six years. Overall, 53% of the respondents expected workloads to remain unchanged, and 47% expected workloads to increase. In Britain, a balance of 47% of respondents reported that they expected workloads to increase in the coming year, the highest since 2015 Q4. Half of the respondents expected workloads to increase, and 46% expected workloads to remain unchanged. In England, 31% of firms, on balance, expected workloads to increase in the coming 12 months, but nearly half (53%) of the respondents expected them to remain unchanged. In Wales, 64% of firms, on balance, expected workloads to increase in the next 12 months, compared to 67% in Q4.

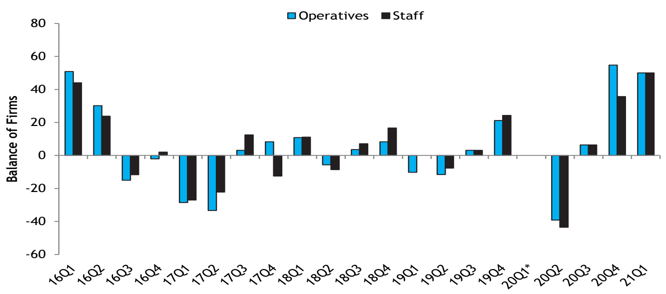
## Expected New Orders in the Next 12 Months




*The survey was not run in 2020 Q1 due to COVID-19

Scottish firms' year-ahead expectations for new orders also remained positive in the first quarter of 2021. 42% of Scottish firms, on balance, expected orders for new work to increase over the next 12 months, the highest balance since 2015 Q3. For R&M, a balance of 14% expected orders to increase over the next 12 months. In Britain, 40% of firms, on balance, expected order books to increase over the coming year, and for R&M orders, a balance of 14% was recorded. In England, 31% of firms, on balance, anticipated growth in new work orders over the coming year and a balance of 11% expected R&M orders to increase. In Wales, 64% of firms, on balance, expected order books to increase over the next 12 months, whilst for R&M orders, a balance of 10% was recorded.

## Expected Employment in the Next 12 Months

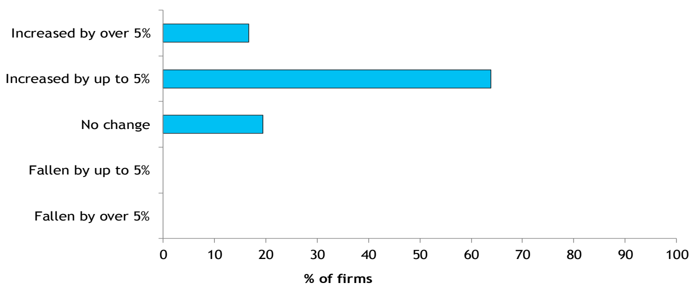



*The survey was not run in 2020 Q1 due to COVID-19

The outlook for employment in Scotland remained bright in Q1, with half of civil engineering firms, on balance, expecting the employment of both operatives and staff to increase over the next 12 months. In Britain, on balance, half of firms expected employment of operatives to increase and 49% expected staff employment to rise. In England, one-third of firms, on balance, expected employment of operatives to increase, and for staff, a balance of 29% was recorded. Hiring intentions were the strongest in Wales during Q1, with 93% of firms expecting the employment of both operatives and staff to increase over the next 12 months. Both balances were the highest since records began in 2005 Q1.

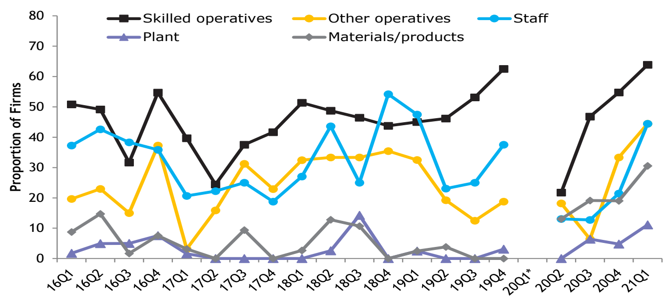
# Costs and Supply Constraints

## Change in Costs Compared to 12 Months Ago




In Scotland, 81% of respondents, on balance, reported that costs increased over the last 12 months, compared to 83% in Q4. 64% of Scottish firms reported that costs had increased by up to 5% and 17% by more than 5%, whilst no firms reported that costs had fallen for a second consecutive quarter. In Britain, on balance, 81% of firms, reported that costs had risen over the last 12 months, up from 76% in Q4 and the highest balance since 2019 Q4. 63% of respondents reported increased costs by up to 5%, 18% by more than 5%, whilst no firms reported falls. In England, 68% of firms, on balance, reported increased costs, 60% by up to 5%, 8% by more than 5%, whilst 32% of firms reported no change in costs. In Wales, all firms, on balance, reported an increase in costs over the last 12 months. 64% of firms reported increased costs by up to 5%, 36% by more than 5%, whilst no firms reported declines.

## Contractors Unsatisfied with Supply




*The survey was not run in 2020 Q1 due to COVID-19

In Scotland, the most cited supply issue in Q1 was skilled operatives, according to 64% of firms, the highest proportion in nearly six years. This was followed by other operatives and staff, with 44% of firms citing issues with the supply of both. For other operatives, this was the highest proportion since 2005 Q3. The proportion reporting issues with the supply of materials/products rose to 31% (highest since 2008 Q1) in Q1, whilst 11% of firms also cited issues with plant. In Britain, the most cited supply issue was skilled operatives, according to 53% of firms, the highest proportion in nearly seven years. The proportion citing issues with the supply of staff hit a five-year high (39%) in Q1, whilst 30% cited issues with other operatives. A record high proportion (29%) also cited issues with materials/products in Q1, whilst 8% noted issues with plant, the highest proportion since 2015 Q3. 39% of firms in England and 64% of firms in Wales also identified skilled operatives as an issue.

## Workload Trends Survey

| | 2017Q1 | Q2 | Q3 | Q4 | 2018Q1 | Q2 | Q3 | Q4 | 2019Q1 | Q2 | Q3 | Q4 | 2020Q1** | Q2 | Q3 | Q4 | 2021Q1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Workload (% balance)** | -20 | -24 | +23 | -21 | -38 | -33 | -19 | -42 | -26 | -4 | +27 | -13 | | -35 | +39 | +23 | +24 |
| **Expected Workload (% balance)** | -51 | -49 | +6 | -4 | +3 | -20 | -11 | -4 | -21 | -38 | -6 | +27 | | -26 | -17 | +14 | +47 |
| **Order Books (% balance)** | -37 | -3 | +15 | -43 | -3 | -48 | -12 | -48 | -26 | +5 | 0 | +16 | | -18 | +40 | +36 | +10 |
| **Expected New Orders (% balance)** | | | | | | | | | | | | | | | | | |
| *New Work* | -52 | -42 | +6 | -23 | 0 | -26 | -18 | -6 | -18 | -46 | -25 | +30 | | -39 | -36 | +26 | +42 |
| *R&M* | -43 | -18 | +7 | 0 | -3 | -31 | -15 | -2 | -3 | -12 | +3 | +19 | | +5 | +11 | +21 | +14 |
| **Employment (% balance)** | | | | | | | | | | | | | | | | | |
| *Skilled operatives* | -15 | -11 | +31 | -4 | -16 | -26 | -9 | -8 | +10 | -8 | -3 | -3 | | -22 | +19 | +41 | +19 |
| *Other operatives* | -25 | -10 | +28 | -8 | -27 | -31 | -31 | -4 | 0 | -12 | -6 | -12 | | -39 | +9 | +45 | +9 |
| *Staff* | -22 | 0 | +31 | +2 | +11 | -23 | +11 | +12 | 0 | -12 | +19 | +12 | | -43 | +15 | +33 | +32 |
| **Expected Employment (% balance)** | | | | | | | | | | | | | | | | | |
| *Operative jobs* | -29 | -33 | +3 | +8 | +11 | -6 | +4 | +8 | -10 | -12 | +3 | +21 | | -39 | +6 | +55 | +50 |
| *Employment of staff* | -27 | -22 | +13 | -13 | +11 | -9 | +7 | +17 | 0 | -8 | +3 | +24 | | -43 | +6 | +36 | +50 |
| **Costs*** | | | | | | | | | | | | | | | | | |
| **Costs Compared with 12 Months Ago (%)** | | | | | | | | | | | | | | | | | |
| Falling | 0 | 0 | 0 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 2 | 0 | 0 |
| Unchanged | 0 | 0 | 0 | 2 | 5 | 10 | 0 | 0 | 2 | 0 | 0 | 0 | | 0 | 4 | 0 | 0 |
| Slower | 6 | 9 | 3 | 21 | 11 | 8 | 9 | 4 | 2 | 8 | 9 | 9 | | 13 | 15 | 17 | 19 |
| Same rate | 70 | 74 | 88 | 67 | 70 | 72 | 86 | 94 | 90 | 85 | 84 | 85 | | 65 | 64 | 67 | 64 |
| Faster | 23 | 17 | 9 | 8 | 11 | 10 | 6 | 2 | 5 | 8 | 6 | 6 | | 22 | 15 | 17 | 17 |
| **Cost (%) Balance** | +94 | +91 | +97 | +71 | +73 | +72 | +91 | +96 | +93 | +92 | +91 | +91 | | +87 | +72 | +83 | +81 |
| **Tender Prices (% balance)** | | | | | | | | | | | | | | | | | |
| *New work* | +51 | +51 | +38 | +4 | +19 | +13 | +32 | +17 | +22 | +27 | +13 | +19 | | +26 | +20 | +45 | +64 |
| *R&M* | +46 | +38 | +21 | -12 | +15 | +10 | +27 | +15 | +30 | +42 | +25 | +29 | | +39 | +22 | +55 | +41 |
| **Supply of Resources Required (%)** | | | | | | | | | | | | | | | | | |
| *Skilled Operatives* | 40 | 24 | 38 | 42 | 51 | 49 | 46 | 44 | 45 | 46 | 53 | 63 | | 22 | 47 | 55 | 64 |
| *Other Operatives* | 3 | 16 | 31 | 23 | 32 | 33 | 33 | 35 | 33 | 19 | 13 | 19 | | 18 | 6 | 33 | 44 |
| *Staff* | 21 | 22 | 25 | 19 | 27 | 44 | 25 | 54 | 48 | 23 | 25 | 38 | | 13 | 13 | 21 | 44 |
| *Plant* | 2 | 0 | 0 | 0 | 0 | 3 | 14 | 0 | 3 | 0 | 0 | 3 | | 0 | 6 | 5 | 11 |
| *Materials and Products* | 3 | 0 | 9 | 0 | 3 | 13 | 11 | 0 | 3 | 4 | 0 | 0 | | 13 | 19 | 19 | 31 |

*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 2021 Q1 Scotland survey totalled 14. 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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