Scotland - Workload Trends 2022 Q3

Workloads increased in Q3 but expectations weaken

Weighted Balances (%)

Change on 12 Months Ago

Workload

2021 Q3	+33
2022 Q3	+29

Tender Prices

New Work

2021 Q3	+93
2022 Q3	+90

R&M Work

2021 Q3	+89
2022 Q3	+76

Order Books

2021 Q3	+8
2022 Q3	+23

Over the Next 12 Months

Expected Workload

2021 Q3	+7
2022 Q3	+3

Expected Orders

New Work

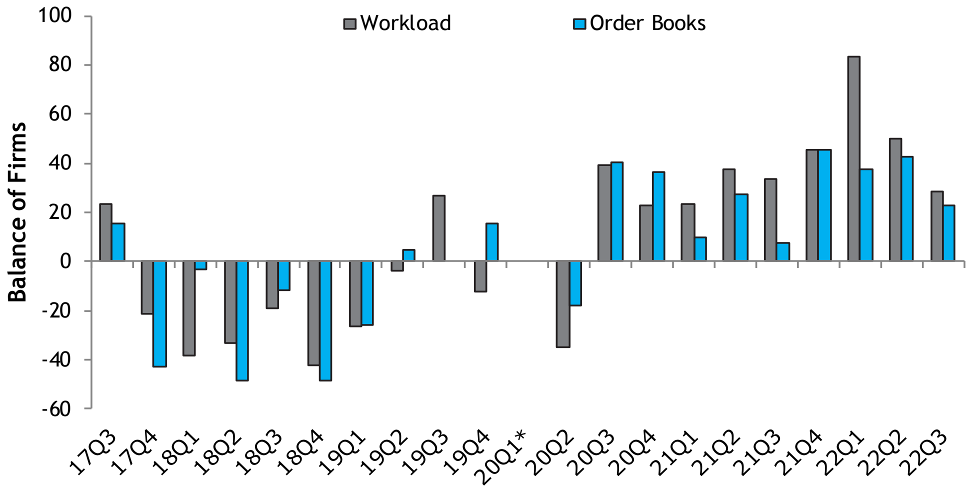
2021 Q3	-11
2022 Q3	0

R&M Work

2021 Q3	-11
2022 Q3	+10

- Workloads rose in Scotland in Q3, according to 29% of firms, on balance.
- A balance of 23% of Scottish firms also reported that orders had risen in Q3.
- Only 3% of firms in Scotland expected an increase in workloads over the next 12 months.
- 97% of Scottish firms experienced cost increases in Q3; 83% reported costs rising by more than 5%.
- The supply position for skilled operatives, other operatives and staff worsened in Q3.

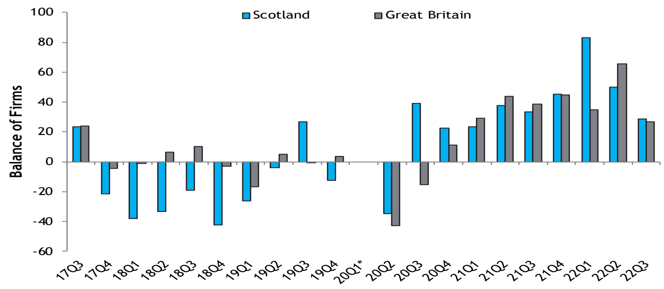
Change in Workload and Order Books – Scotland



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

Recent Trends

Workload Compared to 12 Months Ago



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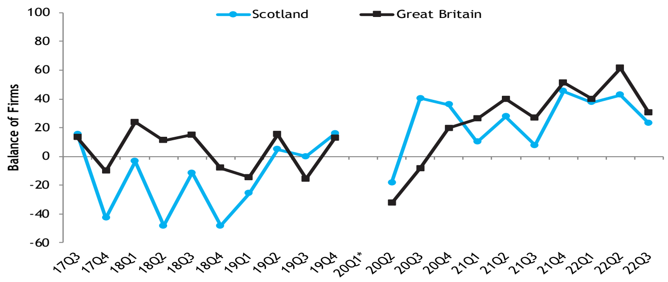
Workloads rose in Scotland, on balance, for a ninth consecutive quarter in 2022 Q3. On balance, 29% of respondents reported an annual increase in workloads, down from 50% in Q2 and 83% in Q1. Overall, 36% of the respondents reported that workloads had risen, and 7% reported that they had fallen. In Great Britain, 27% of firms, on balance, reported an annual increase in workloads, down from 65% in Q2. In England, 29% of firms, on balance, reported that workloads had increased compared to 12 months ago, down from a balance of 72% recorded in Q2. In Wales, equal proportions of respondents (38%) reported either an increase or a decrease in workloads in Q3, resulting in a zero balance.

Order Books Compared to 12 Months Ago



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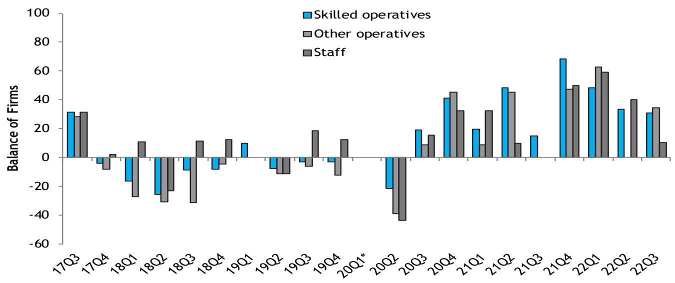
Scottish civil engineering contractors saw order books rise in annual terms for a ninth consecutive quarter in Q3. 23% of respondents, on balance, reported that orders had increased compared to 12 months ago, down from 43% in Q2. Overall, 35% of respondents reported that orders had risen, and 54% reported no change. In Great Britain, 30% of firms, on balance, reported that orders had increased compared to a year earlier, down from 62% in Q2. In England, 42% of firms, on balance, reported an annual rise in orders in Q3, down from 76% in Q2, which had marked a record high. In Wales, a zero balance was recorded for order books for a second straight quarter in Q3, with 31% of respondents reporting either and increase or a decrease in order books during the quarter.

Employment Compared to 12 Months Ago



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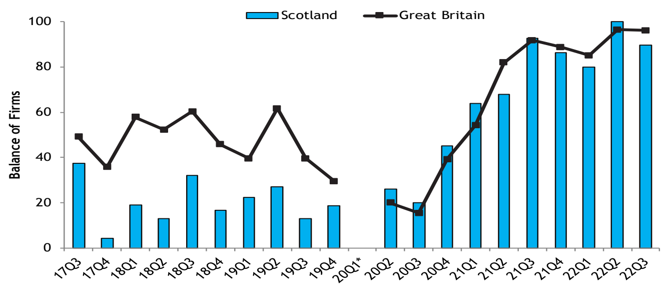
There was continued growth in employment in Scotland in Q3. 31% of firms reported that employment rose for skilled operatives, a balance of 34% of firms reported an increase in the employment of other operatives, and 10% reported either an increase in the employment of staff. For Great Britain, the balances of firms reporting an increase in the employment of skilled operatives, other operatives and staff were 33%, 35% and 33%, respectively. In England, balances worsened from Q2 across all three types in Q3; 53% for skilled operatives, 55% for other operatives and 45% for the employment of staff. In Wales, employment balances turned negative: 63% of firms reported a decrease in the employment of skilled operatives, 44% reported a decrease in the employment of other operatives, and 25% reported a decrease in the employment of staff.

Tender Prices

Tender Prices of New Work



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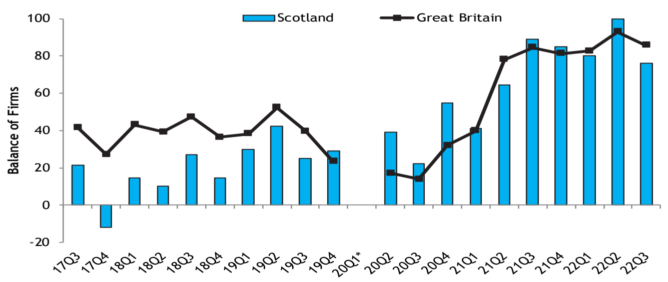
In Scotland, 90% of firms, on balance, reported that tender prices for new work increased in Q3 compared to a year ago. In Great Britain, a balance of 96% of firms reported an increase in tender prices for new work, unchanged from Q2 and also marking a record-high balance. In England, 99% of firms, on balance, reported an annual increase in tender prices for new work, up from 94% in Q2 and also marking a record high. In Wales, all respondents, on balance, reported an increase in tender prices for new work, marking the third straight quarter there has been a 100% balance.

Tender Prices of R&M Work



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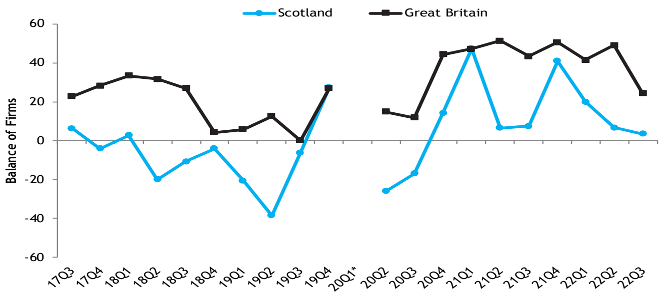
In Q3, 76% of Scottish firms, on balance, reported that tender prices for R&M work were higher compared to a year earlier. This was down from a balance of 100% in Q2. In Britain, a balance of 86% of respondents reported an annual increase in tender prices for R&M work, lower than the 93% balance in Q2. In England, the balance for annual tender prices for R&M work remained at a record high of 89% in Q3. In Wales, all firms reported an annual increase in tender prices for R&M work in Q2. Like new work, this was the third consecutive quarter that tender prices for R&M have increased for all firms.

Expected Future Trends

Expected Workloads in the Next 12 Months



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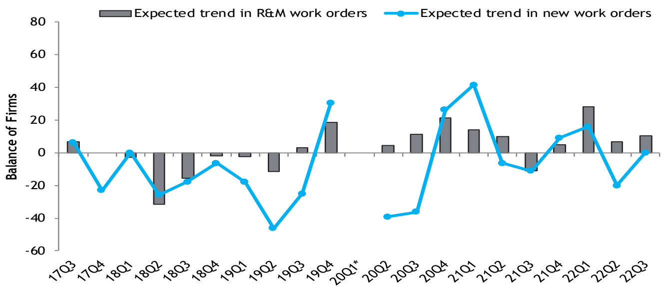
The balances for future workloads worsened in Q3. On balance, only 3% of Scottish firms expected workloads to increase over the next 12 months, down from 7% in Q2 and 20% in Q1. Overall, 83% of respondents expected workloads to remain unchanged. In Great Britain, 24% of firms, on balance, reported that they expected workloads to increase over the next 12 months. 37% of all respondents expected workloads to increase, and half of respondents expected workloads to remain unchanged. In England, 22% of firms expected workloads to increase over the next 12 months and workload expectations for the coming 12 months also remained positive in Wales, with the net balance at 19%. Both balances worsened from 63% and 75% in Q2, respectively, however.

Expected New Orders in the Next 12 Months



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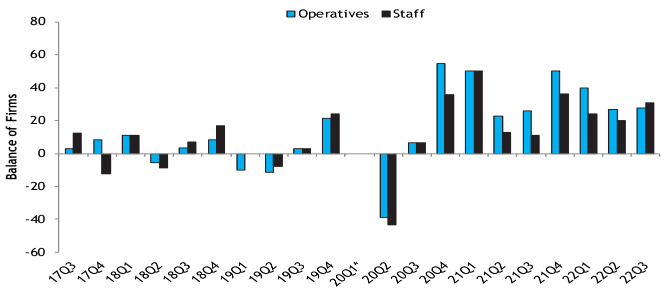
The balances for expected new orders improved modestly in Q3 for Scottish firms. A zero balance was recorded for expected orders in new work, with 10% of respondents expecting either an increase or a decrease over the next 12 months, whilst a balance of 10% expected orders for R&M to increase. These balances improved from -20% and 7% in Q2, respectively. In Great Britain, 16% of firms, on balance, expected order books for new work to increase over the coming year, and for R&M orders, a balance of 2% expected a decline. In England, 8% of firms, on balance, anticipated growth in new work orders over the coming year but 6%, on balance, expected R&M orders to decrease. In Wales, 19% of firms, on balance, expected orders for new work to increase over the next 12 months, with a zero balance recorded for R&M.

Expected Employment in the Next 12 Months



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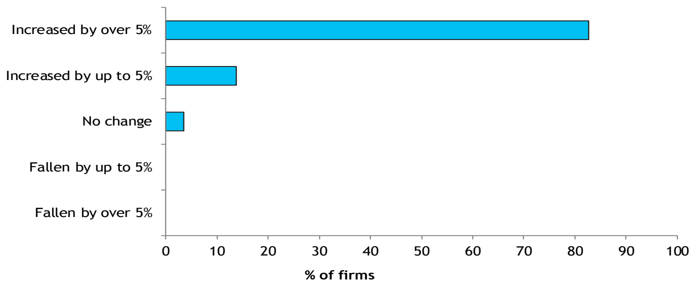
In Scotland, hiring intentions for the next 12 months remained positive in Q3. On balance, 28% of firms expected employment of operatives to rise and 31% of firms also anticipated staff employment to rise over the coming year. In Britain, on balance, 31% of firms expected employment of operatives to increase and 29% expected staff employment to increase. In England, 39% and 34% of firms expected the employment of operatives and staff to increase, respectively. In Wales, hiring intentions turned negative, with 56% and 31% of firms expecting the employment of operatives and staff to decrease over the next 12 months, respectively.

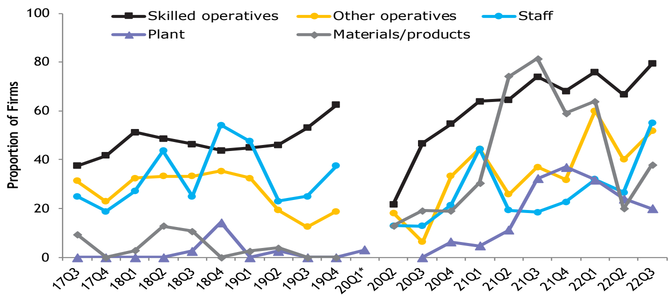
Costs and Supply Constraints

Change in Costs Compared to 12 Months Ago



97% of firms in Scotland, on balance, reported that costs increased over the last 12 months in Q3. This was the first time the balance had dropped below 100% in five quarters. In addition, 83% of firms reported that costs had increased by over 5%. In Britain, 98% firms, on balance, reported an annual increase in costs, and similarly, 89% of firms reported rises of over 5%. In England, costs were reported higher by a balance of 98% of firms and in Wales, all firms reported an annual increase in costs. This was the third consecutive quarter that a 100% balance has been recorded for Wales.

Contractors Unsatisfied with Supply



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In Scotland, 79% of firms reported dissatisfaction with the supply of skilled operatives in Q3. 55% and 52% of firms also cited dissatisfaction with the supply of staff and other operatives, respectively. The proportion reporting issues with the supply of materials/products was 38% (20% in Q2), whilst 10% of firms also cited dissatisfaction with the supply of plant, down from 20% in Q2. In Britain, 75%, 63% and 58% of firms reported dissatisfaction with the supply of skilled operatives, other operatives and staff, respectively. The percentage citing issues with the supply of materials/products was 47%, whilst 25% reported issues with plant. In England, the most cited supply issue was skilled operatives (72%). In Wales, 88% of firms reported issues with the supply of other operatives, 81% with the supply of skilled operatives and 38% with staff.

	Q3	Q4	2019Q1	Q2	Q3	Q4	2020Q1**	Q2	Q3	Q4	2021Q1	Q2	Q3	Q4	2022Q1	Q2	Q3
Workload (% balance)	-19	-42	-26	-4	+27	-13		-35	+39	+23	+24	+38	+33	+45	+83	+50	+29
Expected Workload (% balance)	-11	-4	-21	-38	-6	+27		-26	-17	+14	+47	+6	+7	+41	+20	+7	+3
Order Books (% balance)	-12	-48	-26	+5	0	+16		-18	+40	+36	+10	+28	+8	+45	+38	+43	+23
Expected New Orders (% balance)																	
New Work	-18	-6	-18	-46	-25	+30		-39	-36	+26	+42	-6	-11	+9	+16	-20	0
R&M	-15	-2	-3	-12	+3	+19		+5	+11	+21	+14	+10	-11	+5	+28	+7	+10
Employment (% balance)																	
Skilled operatives	-9	-8	+10	-8	-3	-3		-22	+19	+41	+19	+48	+15	+68	+48	+33	+31
Other operatives	-31	-4	0	-12	-6	-12		-39	+9	+45	+9	+45	0	+47	+63	0	+34
Staff	+11	+12	0	-12	+19	+12		-43	+15	+33	+32	+10	0	+50	+59	+40	+10
Expected Employment (% balance)																	
Operative jobs	+4	+8	-10	-12	+3	+21		-39	+6	+55	+50	+23	+26	+50	+40	+27	+28
Employment of staff	+7	+17	0	-8	+3	+24		-43	+6	+36	+50	+13	+11	+36	+24	+20	+31
Costs*																	
Costs Compared with 12 Months Ago (%)																	
Falling	0	0	0	0	0	0		0	2	0	0	0	0	0	0	0	0
Unchanged	0	0	2	0	0	0		0	4	0	0	0	0	0	0	0	0
Slower	9	4	2	8	9	9		13	15	17	19	3	0	0	0	0	3
Same rate	86	94	90	85	84	85		65	64	67	64	58	56	14	15	0	14
Faster	6	2	5	8	6	6		22	15	17	17	39	44	86	85	100	83
Cost (%) Balance	+91	+96	+93	+92	+91	+91		+87	+72	+83	+81	+97	+100	+100	+100	+100	+97
Tender Prices (% balance)																	
New work	+32	+17	+22	+27	+13	+19		+26	+20	+45	+64	+68	+93	+86	+80	+100	+90
R&M	+27	+15	+30	+42	+25	+29		+39	+22	+55	+41	+65	+89	+85	+80	+100	+76
Supply of Resources Required (%)																	
Skilled Operatives	46	44	45	46	53	63		22	47	55	64	65	74	68	76	67	79
Other Operatives	33	35	33	19	13	19		18	6	33	44	26	37	32	60	40	52
Staff	25	54	48	23	25	38		13	13	21	44	19	19	23	32	27	55
Plant	14	0	3	0	0	3		0	6	5	11	32	37	32	24	20	10
Materials and Products	11	0	3	4	0	0		13	19	19	31	74	81	59	64	20	38

*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 2022 Q3 Scotland survey totalled 17. 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.

Enquiries to: Huston Gilmore, CECA, 1 Birdcage Walk, London SW1H 9JJ T: 020 7340 0454
E-mail: hustongilmore@ceca.co.uk, Website: www.ceca.co.uk