Scotland - Workload Trends 2020 Q4

Signs of a sustained recovery in Q4

Weighted Balances (%)

Change on 12 Months Ago

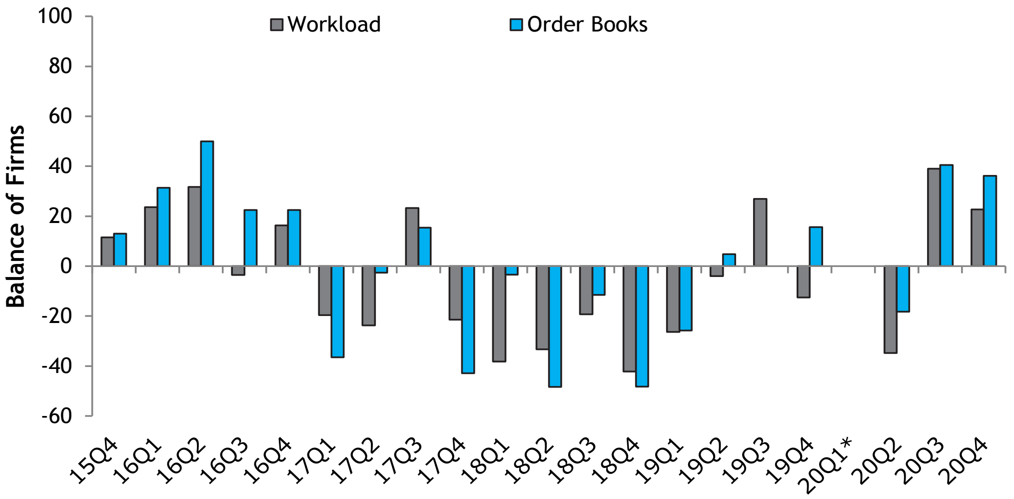
Workload	
2019 Q4	-13
2020 Q4	+23
Tender Prices	
New Work	
2019 Q4	+19
2020 Q4	+45
R&M Work	
2019 Q4	+29
2020 Q4	+55
Order Books	
2019 Q4	+16
2020 Q4	+36

Over the Next 12 Months

Expected Workload	
2019 Q4	+27
2020 Q4	+14
Expected Orders	
New Work	
2019 Q4	+30
2020 Q4	+26
R&M Work	
2019 Q4	+19
2020 Q4	+21

- In Q4, 23% of Scottish firms, on balance, reported an increase in workloads compared to a year ago.
- Workload expectations for the year ahead improved in Q4, with a balance of 14% of firms expecting a rise.
- The 12-month outlook for orders also improved, with the R&M balance (21%) at the highest for five years.
- Employment balances for all types of worker hit a five-year high and expectations remained upbeat.
- Tender price balances for new construction work (45%) and R&M (55%) were at multi-year highs in Q4.

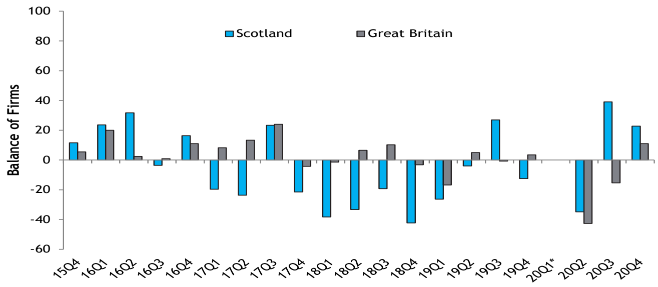
Change in Workload and Order Books – Scotland



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

Recent Trends

Workload Compared to 12 Months Ago



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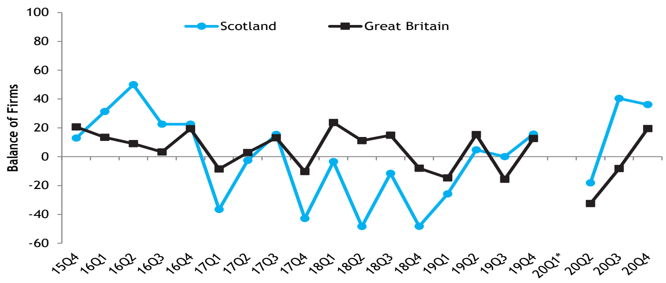
Workloads in Scotland increased, on balance, for a second consecutive quarter in Q4, even though a tiered system of coronavirus restrictions was in place. On balance, 23% of respondents reported an increase in workloads on a year ago, compared to a balance of 39% in Q3. More than half (52%) of all respondents reported that workloads had increased, and 30% reported that workloads had fallen. In Great Britain, 11% of firms, on balance, reported that workloads rose compared to a year earlier, following two consecutive quarters of annual decline. In total, 41% of firms reported that workloads had increased. In Wales, workloads increased for the first time since 2018 Q4, according to one-third of firms, on balance. In England, however, annual workloads fell for a third successive quarter in Q4, according to 20% of firms, on balance.

Order Books Compared to 12 Months Ago



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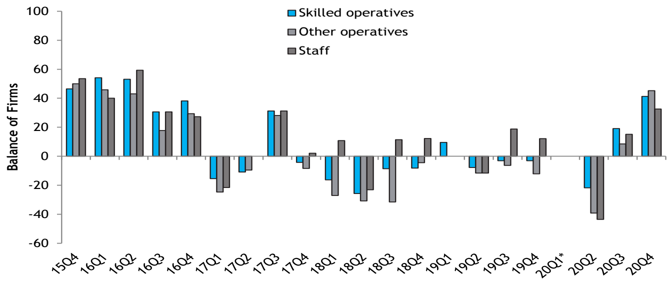
In Scotland, a balance of 36% of respondents reported that orders had increased in Q4 compared to a year earlier. Overall, two-thirds of respondents reported that orders had increased, and 31% reported a fall. In Great Britain, 20% of firms, on balance, reported that order books had increased compared to a year earlier, following two consecutive quarters of annual decline. This was the highest balance in three years. In total, 44% of firms reported that orders had increased. In England, 3% of firms, on balance, reported that order books had increased compared to a year ago, following negative balances in the previous two quarters. Overall, 29% of firms reported that orders had increased. Similarly in Wales, orders rose on an annual basis in Q4, according to half of firms, the highest balance since 2018 Q3.

Employment Compared to 12 Months Ago



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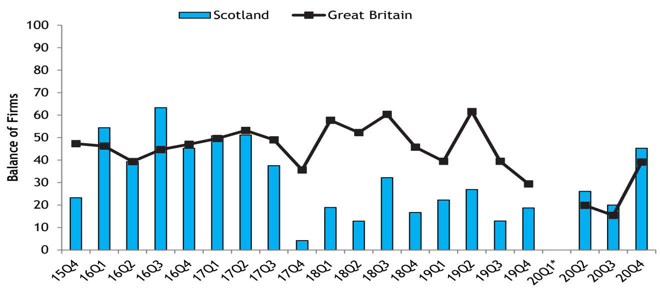
In 2020 Q4, Scotland was the only nation to report positive balances for all types of worker. On balance, employment of other operatives, skilled operatives and staff rose according to 45%, 41% and 33% of firms, respectively. These balances improved from those recorded in Q3 and were the highest in five years. In Britain, 7% and 6% of firms reported increases in the employment of skilled operatives and other operatives respectively, whilst for staff, a negative annual balance (-2%) was recorded for the third consecutive quarter. In England, the annual balances for all types of worker remained negative for the third successive quarter in Q4; -28% for staff, -18% for skilled operatives and –16% for other operatives. In Wales, zero balances were recorded for all types of worker in Q4.

Tender Prices

Tender Prices of New Work



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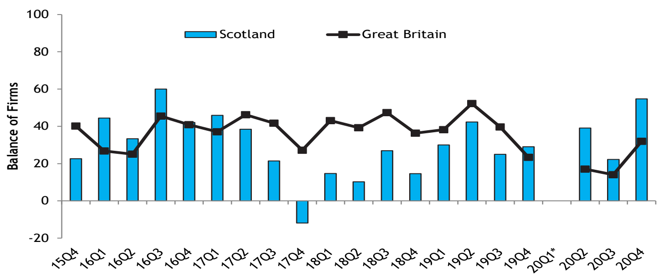
In Scotland, 45% of firms, on balance, reported that tender prices for new work increased in Q4 compared to a year earlier, the highest in nearly four years. 48% of all respondents reported higher tender prices and half reported no change. In Great Britain, tender prices for new work increased compared to 12 months ago, according to 39% of respondents, on balance, the highest in nearly two years. In England, prices increased, on balance, according to 24% of respondents. In total, 26% of respondents reported rises, whilst 71% reported no change. In Wales, two-thirds of firms, on balance, reported an annual increase in tender prices for new work, up from 28% in Q3. Overall, two-thirds of the respondents reported higher tender prices compared to a year earlier, but one-third reported no change.

Tender Prices of R&M Work



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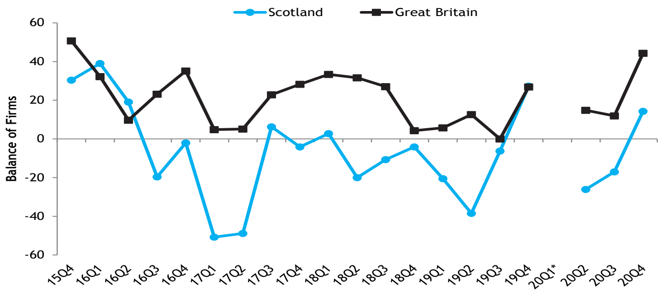
In Scotland, 55% of respondents, on balance, reported that tender prices for R&M work were higher compared to a year earlier, up from 22% in Q3 and the highest in nearly five years. 55% of all respondents reported that prices had increased, whilst 45% of firms reported no change. In Britain, on balance, 32% of respondents, reported that tender prices increased compared to 12 months ago, up from 14% in Q3 and the highest balance in nearly two years. 63% of all respondents reported that prices were unchanged. In England, 15% of the respondents, on balance, reported that tender prices were higher in Q4 than they were 12 months earlier, slightly up from 12% in Q3. In Wales, no firms, on balance, reported that tender prices had increased in Q4. All respondents reported that prices were unchanged.

Expected Future Trends

Expected Workloads in the Next 12 Months



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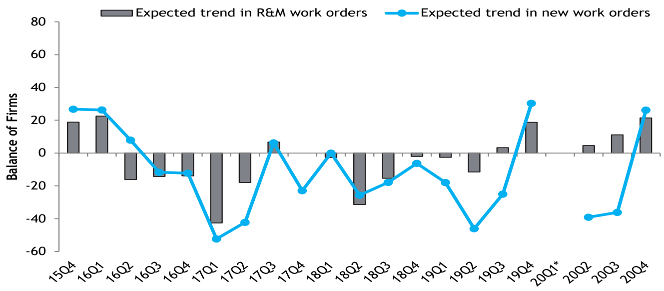
In Scotland, workload expectations for the year ahead in 2021 turned positive in Q4. On balance, 14% of firms expected workloads to increase over the next 12 months, up from -17% in Q3. Overall, 43% of the respondents expected workloads to remain unchanged, and 36% expected workloads to increase. In Britain, a balance of 44% of respondents reported that they expected workloads to increase in the coming year, the highest since 2015 Q4. 55% of the respondents expected workloads to increase, and 34% expected workloads to remain unchanged. In England, 53% of firms, on balance, expected workloads to increase in the coming 12 months, the highest since 2016 Q4. In Wales, two-thirds of firms, on balance, expected workloads to increase in the next 12 months, up from 5% in Q3.

Expected New Orders in the Next 12 Months



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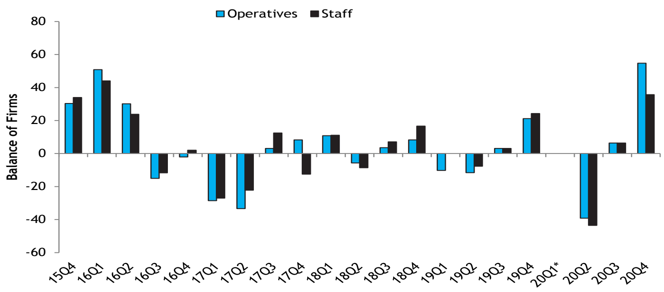
The 12-month outlook for new orders improved in the final quarter of 2020. 26% of Scottish firms, on balance, expected orders for new work to increase over the next 12 months, and for R&M orders, 21% expected an increase, the highest balance in five years. In Britain, 47% of firms, on balance, expected order books to improve over the coming year, the highest in nearly six years. For R&M orders, a balance of only 9% was recorded. In England, nearly half (51%) of firms, on balance, anticipated growth in new work orders over the coming year and a balance of 18% expected R&M orders to increase. For new work orders, this was the highest balance since 2016 Q4. In Wales, 67% of firms, on balance, expected order books to increase over the next 12 months, whilst for R&M orders, a zero balance was recorded.

Expected Employment in the Next 12 Months



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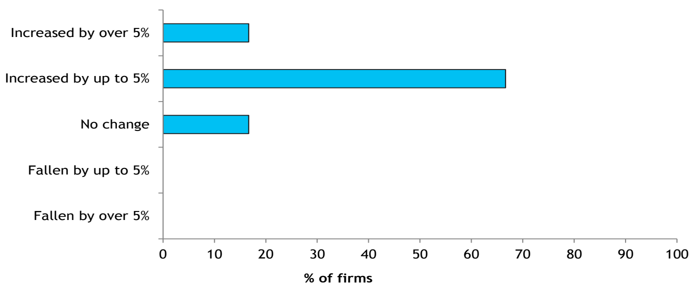
In Scotland, civil engineering firms' sentiment towards hiring in the next 12 months remained positive in Q4. On balance, 55% of firms (near seven-year high) expected employment of operatives to increase, and 36% (five-year high) also expected staff employment to increase over the coming year. In Britain, on balance, 53% of firms expected employment of operatives to increase and 51% expected staff employment to rise. Both balances were the highest in nearly six years. In England, half of firms, on balance, expected employment of operatives to increase, and for staff, a balance of 51% was recorded. In Wales, both operatives employment and staff employment is expected to increase over the coming year, according to two-thirds of firms, on balance.

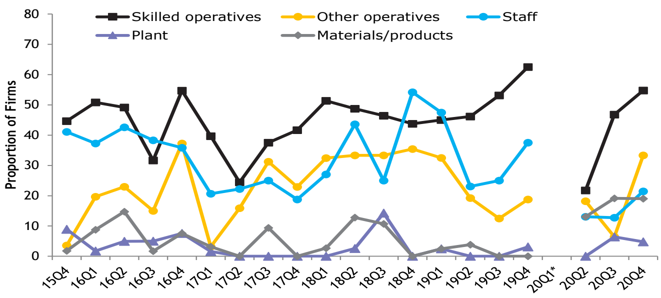
Costs and Supply Constraints

Change in Costs Compared to 12 Months Ago



In Scotland, 83% of respondents, on balance, reported that costs increased over the last 12 months, up from 72% in Q3. 67% 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. In Britain, on balance, 76% of firms, reported that costs had risen over the last 12 months, up from a near four-year low balance of 65% in Q3. 70% of respondents reported increased costs by up to 5%, 9% by more than 5%, whilst 2% reported that costs had fallen. In England, 75% of firms, on balance, reported increased costs, up from 54% in Q3. 74% of firms reported increased costs by up to 5%, 5% by more than 5%, whilst 18% of firms reported no change in costs. In Wales, 86% of firms, on balance, reported an increase in costs over the last 12 months, with 71% of firms reporting increases by up to 5%.

Contractors Unsatisfied with Supply



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In Scotland, the most cited supply issue in Q4 was skilled operatives (55%), followed by other operatives (33%), staff (21%) and materials/products (21%). For materials/products, this was the joint-highest proportion since 2015 Q3. 5% of firms also cited issues with plant in Q4. In Great Britain, the most cited supply issue was skilled operatives, with 29% of firms identifying this as an issue, followed by other operatives and staff (both 16%). Materials/products and plant were also cited as a concern according to 13% and 4% of firms, respectively. The proportion for materials/products was the third-highest in six years. In England, 18% of respondents identified supply of skilled operatives as an issue in Q4, followed by other operatives (14%). In Wales, two-thirds of respondents reported dissatisfaction with skilled operatives and staff.

Workload Trends Survey

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

*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 Q4 Scotland survey totalled 18. 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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