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Contractors Experience Rising Labour Costs As Outlook Remains Positive

The first Build UK State of Trade survey has revealed a positive but stabilising picture of the prospects for Contractors. Whilst the level of enquiries remained relatively flat and output rose only slightly in the last quarter of 2015, the outlook for the industry is still comfortably above that of a year ago.

The survey which was undertaken with Glenigan shows that Contractors are generally nearing full capacity with three quarters operating at over 75% of their capacity and almost half operating at over 90%. This strain on capacity is more marked on the labour than the material side. Management skills are being particularly sought after, with professional/technical staff and supervisors being the most difficult to recruit during the last quarter. The main reasons stated for difficulty in filling vacancies was the low number of applicants with the required skills (62%), a lack of required experience (54%) and a lack of required qualifications (48%).

This is having an impact on the costs of labour with 45% reporting an increase in labour costs compared to the previous quarter and 60% reporting a rise since this time last year. These difficulties in recruiting the right skills is also affecting Contractors' business performance. 16% reported that labour shortages had resulted in late completion of work and 12% had been unable to bid for work during the last quarter.

Contractors remain positive about their future prospects over the next year even though they were expecting this quarter to remain relatively subdued. Whilst the majority expect workloads to remain the same this quarter, 56% are expecting growth in the next 12 months. The issue which is causing concern for Contractors in the long term is insufficient demand.

When it comes to payment, over half of Contractors reported waiting at least 46 days on average, despite only 15% having average contract terms of 46 days or more.

Build UK Chief Executive **Suzannah Nichol MBE** said:

"Whilst we continue to see growth in construction, the market is very mixed and difficulties in recruiting the right skills and the knock-on effect on labour costs are causing very real

concerns. With workloads expected to increase over the coming year, Build UK will continue to focus on inspiring young people and those looking for a change of career to choose construction whilst motivating the workforce to stay within the industry."

~ Ends ~

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Notes to Editors

1. Build UK provides a strong collective voice for the contracting supply chain in construction. We bring together the industry's largest Main Contractors and leading Trade Associations representing over 11,500 Specialist Contractors - www.builduk.org.
2. The Build UK State of Trade Survey has been created in partnership with Glenigan, the trusted provider of UK construction project sales leads, market analysis, forecasting and company intelligence - www.glenigan.com.
3. The full Build UK Q4 2015 State of Trade Report can be found on the [Build UK website](#).
4. Build UK contributes its findings to the State of Trade Survey published by the Construction Products Association (CPA), enabling the experiences of the contracting supply chain to be compared with the wider industry - www.constructionproducts.org.uk.