

Monday 22 August 2016

Build UK Members Less Confident After Brexit

Results of the second State of Trade survey for 2016 show that whilst output from Build UK members rose before the EU referendum, there is uncertainty around future workloads following Brexit with labour supply remaining a cause for concern.

The latest Build UK survey, which was undertaken by Glenigan, reveals that industry capacity remains increasingly tight with 81% of contractors operating at over 75% of their capacity and 46% operating at over 90% capacity. Enquiry levels during the second quarter of 2016 experienced little change from the previous three months, however output has increased by 22% which is a substantial increase compared to the 5% and 3% recorded in the previous two surveys.

When considering the upcoming quarter, 19% of contractors anticipate workloads to rise on the results of Q2 2016, with new build infrastructure and commercial sectors expected to be particular growth areas. However, this result is a decrease of 8% from the results of the last quarter (27%) and 11% from the Q4 2015 result (30%), reflecting the increasing uncertainty of the industry pre and post EU referendum.

This feeling of uncertainty continues when assessing the next 12 months. Overall, 21% of contractors still expect their own workloads to rise, however this represents a 5% decrease on the previous quarter (26%), and a 26% decrease when compared to Q4 2015 (47%). Furthermore, whilst contractors feel that their workloads will be higher in 12 months' time, they also reported that they believe that the majority of industry sectors will see a decline in output, with only repair and maintenance work in the private other sector experiencing an increase.

Labour supply remains an area of concern for the industry, with 82% of contractors reporting that professional and technical employees were either 'difficult' or 'very difficult' to recruit. Three-quarters of firms cited difficulty in recruiting supervisors and bricklayers, with two-thirds specifying carpenters or joiners and ceiling fixers. Where contractors had experienced difficulties in recruiting staff, firms cited lack of experience (61%), lack of skills (57%) and a lack of qualifications (41%) as the reasons for the problems. These difficulties continue to impact upon the cost of labour, with 45% of respondents reporting an increase in labour costs compared to the previous quarter and almost two thirds (65%) reporting higher costs than a year ago.

In terms of payment, 35% of contractors reported waiting at least 46 days on average despite only 18% having average contract terms of 46 days or more.

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

“A period of uncertainty was inevitable following the decision to leave the EU and that has been reflected in the State of Trade results and, in particular, our members concern over future workloads. The most important thing is that we make the most of the opportunities presented by the referendum result, and we are already working closely with members to present a comprehensive response to Government with a view to crafting the best possible conditions for our industry to thrive in a post-Brexit Britain.”

~ Ends ~

For further information, contact Build UK:

0844 249 5351

info@BuildUK.org

BuildUK.org

FOLLOW US ON 

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 Q2 2016 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.