

Q1
2021

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**MASTER
BUILDERS**

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State of Trade Survey

For more than 30 years, the Federation of Master Builders (FMB) State of Trade Survey has monitored key indicators and predicted future short-term developments in the UK construction industry. It is the only survey of its kind to focus exclusively on small and medium-sized (SME) firms throughout the construction sector.

The report looks at activity in **January to March 2021**. It casts ahead to **April to May**.





BRIAN BERRY, Chief Executive,
Federation of Master Builders

View from the Chief Executive

I am delighted to see a surge in Master Builders reporting increased workloads, enquiries and employment in the first quarter of 2021, which is also the FMB's 80th anniversary year. After a difficult year for business, it is fantastic to Britain's builders bouncing back, and reporting more confidence and activity in the market. Not only that, but enquiries have increased at the fastest rate in more than 10 years, meaning consumers are feeling optimistic, too.

Material prices are rising

With increased activity in the industry comes increased demand for materials. However, ongoing supply chain pressures caused by the coronavirus are a daily issue for builders unable to get hold of the products they need. Master Builders are reporting difficulties accessing roof tiles, glazing products, timber and insulation. A concerning 93% of builders are reporting material price increases, and inflated lead-in times for delivery.

One FMB member said: 'Delays in material arriving when required is having a detrimental effect on daily work, causing constant juggling of jobs. Time planning has increased as well as time on site, and generally longer hours being worked.'

Our next elected representatives must stand up for builders

With devolved Parliamentary and Mayoral elections taking place in Scotland, Wales and England on 6 May, it is essential that our next cohort of elected representatives adopt policies that support builders to continue driving our economic recovery from the pandemic. With today's survey showing that skills shortages are creeping back up builders' agendas, it's clear that construction has the capacity to create much-needed jobs and training opportunities in every community.

As recent FMB manifestos have set out, in London, this means helping builders access their place of work by assessing the impact of road closures and parking restrictions on tradespeople. In Scotland, it means establishing a VAT reimbursement fund for home repair, maintenance and energy efficiency improvements. For builders in Wales, the next Government must reform the planning system to help SME builders deliver more homes.

"A concerning 93% of builders are reporting material price increases, and inflated lead-in times for delivery"



BRIAN BERRY, Chief Executive,
Federation of Master Builders

View from the Chief Executive

A National Retrofit Strategy must follow the Green Homes Grant scheme's scrapping

I was extremely disappointed by the scrapping of the Green Homes Grant scheme. For builders who wanted to do the right thing and become accredited installers, they have been let down by this hasty decision. I know of FMB members who have spent on average £9,000 and countless unpaid hours in securing accreditation only for their pipeline of work to dry-up overnight. This isn't a just outcome, and I have conveyed my frustration to the Secretary of State and the civil servants working on the scheme, to ensure that Master Builders' voices are heard.

The need to green our homes hasn't gone away; neither has the business opportunity this should represent to SME builders. The Government's answer must be a National Retrofit Strategy that provides long-term confidence and a consistent policy landscape for builders whose trust in green schemes is waning. Indeed, one respondent to this survey described the scheme as 'shambolic'. We will only achieve the Prime Minister's target of a 78% reduction in carbon emissions by 2035 if we tackle the carbon emissions and heating demand from our existing homes.



"The need to green our homes hasn't gone away"

Key indicators

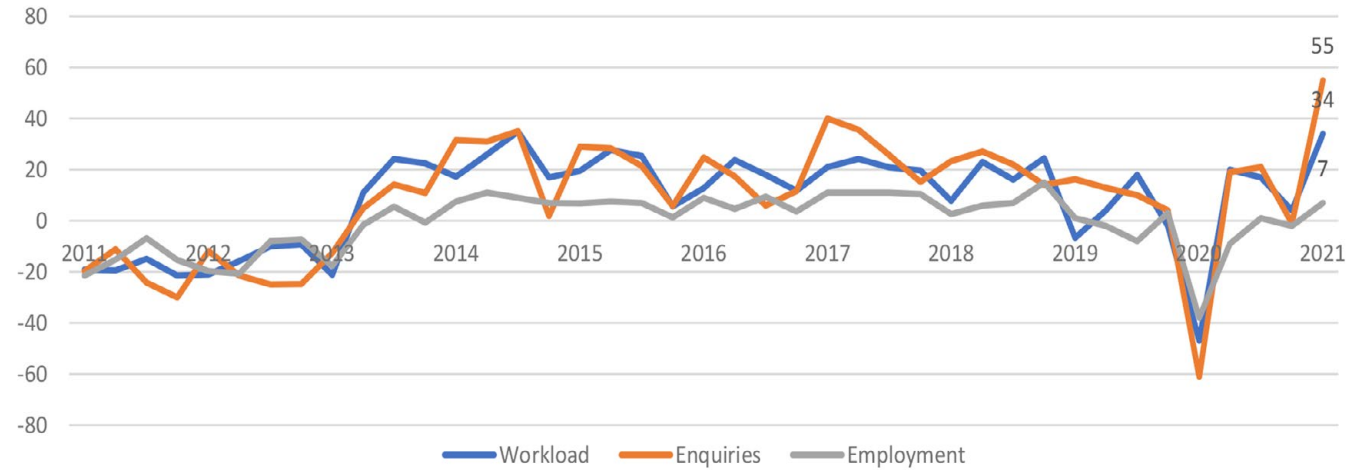
Workloads, enquiries and employment all surged in the first quarter of 2021, with enquiries achieving the fastest rate of growth in more than 10 years.

More than half of FMB members (55%) reported higher total workloads in the period January to March compared to the final two months of 2020. With 20% of respondents reporting a drop in workloads, the net change is positive for Britain's builders.

'We are trading in a new world of a much more relaxed and confident consumer [...] We are seeing higher than ever levels of enquiries'

– FMB member, April 2021

Key indicators



Graph 1 - Q3. Looking back, how does your company's workload in the period January - March 2021 compare to that in November - December 2020? Base: Total excl N/A 2021 Q1 (n=215) Q6. Looking back, how has the level of enquiries regarding future work changed in the period January - March 2021 compared to November - December 2020? Base: Total excl N/A 2021 Q1 (n= 215) Q8. How has the number of employees within your company's workforce changed during January - March 2021, when compared with November - December 2020?? Base: Total excl N/A 2021 Q1 (n= 215)

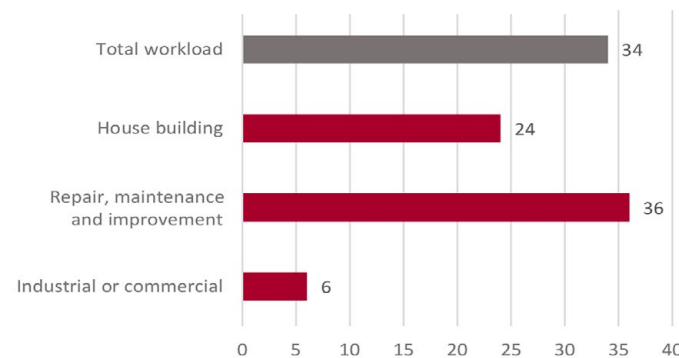
Workload and enquiries by sector

The positive changes in workload and enquiries were largely driven by an increase in the repair, maintenance and improvement sector, with 55% of respondents reporting higher workloads and 70% reporting increased enquiries.

The industrial or commercial sector, while in positive territory, has not kept pace with the rate of recovery in other sectors. In its manifesto for Government, FMB Scotland is calling for a 5-year programme for public sector construction projects and a simplified tendering process to create more confidence and opportunities for SMEs to bounce back and contribute to recovery.

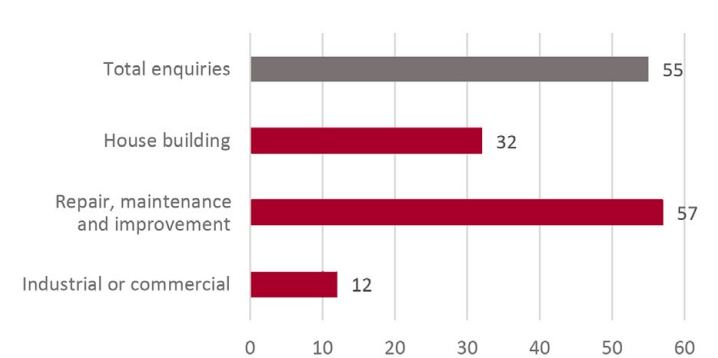
'Our market is mostly retail shops and offices [...] it will take some time for confidence to return to these sectors' – FMB member, April 2021

Workload by sector



Graph 2 - Q3. Looking back, how does your company's workload in the period January - March 2021 compare to that in November - December 2020? Base: Total workload (n=215); House building (n=115); Repair, maintenance and improvement (n=201); Industrial or commercial (n105). Excluding N/As

Enquiries



Graph 3 - Q6. Looking back, how has the level of enquiries regarding future work changed in the period January - March 2021 compared to November - December 2020? Base: Total workload (n=215); House building (n=129); Repair, maintenance and improvement (n=200); Industrial or commercial (n=110). Excluding N/As

Employment and skills shortages

Builders reported increased difficulties in recruiting almost all the key trades in the first quarter of 2021, with 38% reporting bricklayer shortages, up from 22% in Q4 2020, and 34% struggling to hire carpenters/joiners, up from 23%. There has also been a notable increase in the proportion of FMB members having difficulty hiring general labourers (up 10%) and plasterers (up 9%).

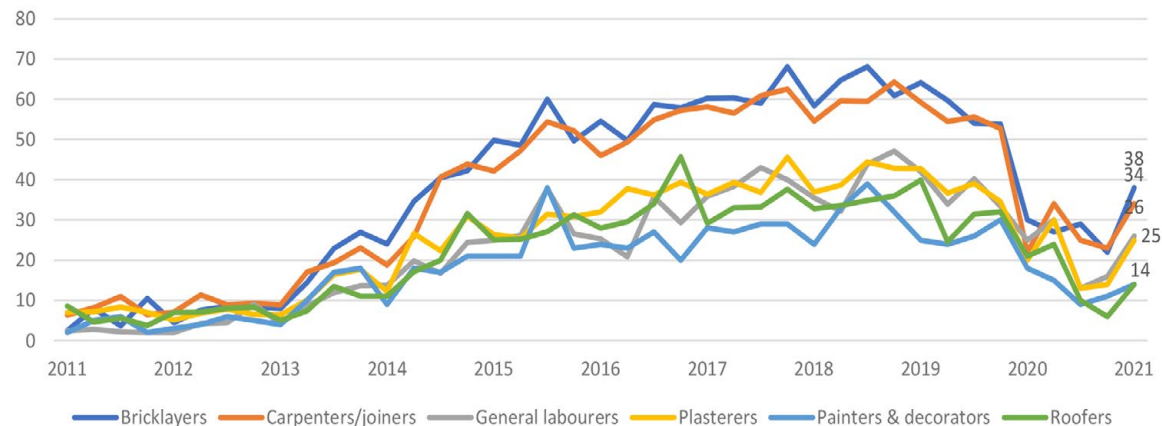
“There is a lack of quality skilled entrants into the industry”

- FMB member, April 2021

“It is impossible to recruit skilled staff at the moment, everybody seems to be staying with their current employer”

- FMB member, April 2021

Difficulty in recruiting for each of the following occupations



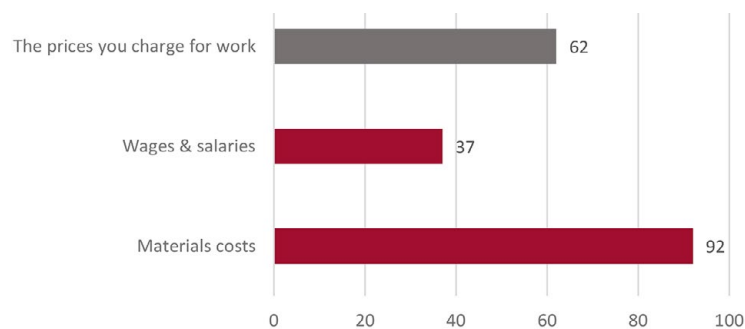
Graph 4 - Q10. For which of the following trades has your company found it difficult to recruit skilled staff over the period of January - March 2021? Base: Total (n=215)

Prices and costs

The proportion of FMB members who reported an increase in the prices they charge for work has risen from 29% to 66% in Q1 2021. This is in part due to rising workloads, but also due to the need for builders to keep pace with the increase in wages & salaries and material cost increases. 93% of FMB members reported an increase in material prices up from 82%.

Builders reported that they are frequently being undercut on price by rogue traders compromising on quality, fuelled by consumers who are unaware of the rising costs of construction work.

Prices and costs

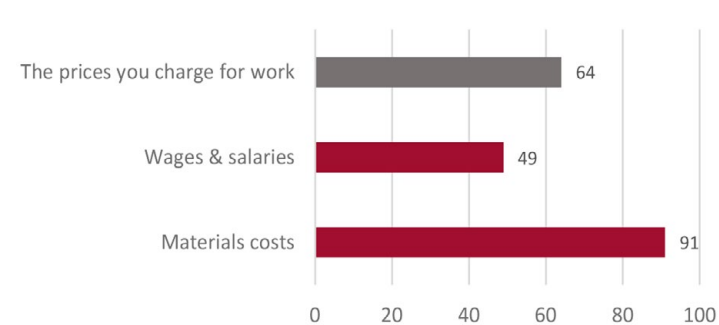


Graph 5 - Q11. How have both the prices that you charge for work, and your outgoing costs changed over the period of January - March 2021? Base: The prices you charge for work (n=213); Wages & salaries (n=213); Materials costs (n=215) Excl N/As

“Quality is being driven down [...] Sole traders are struggling to compete against cowboy builders”

- FMB member, April 2021

Expected prices and costs



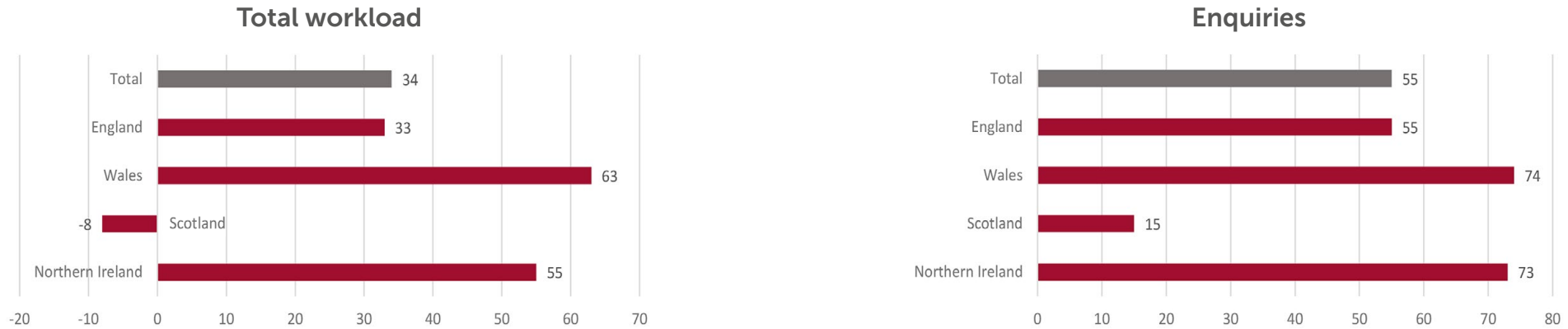
Graph 6 - Q12. And how do you expect both the prices that you charge for work, and your outgoing costs to change over the period of April - June 2021? Base: The prices you charge for work (n=212); Wages & salaries (n=210); Materials costs (n=212) Excl N/As

“We have awarded generous pay rises in an effort to stop our workers from moving on”

- FMB member, April 2021

Key indicators in the home nations

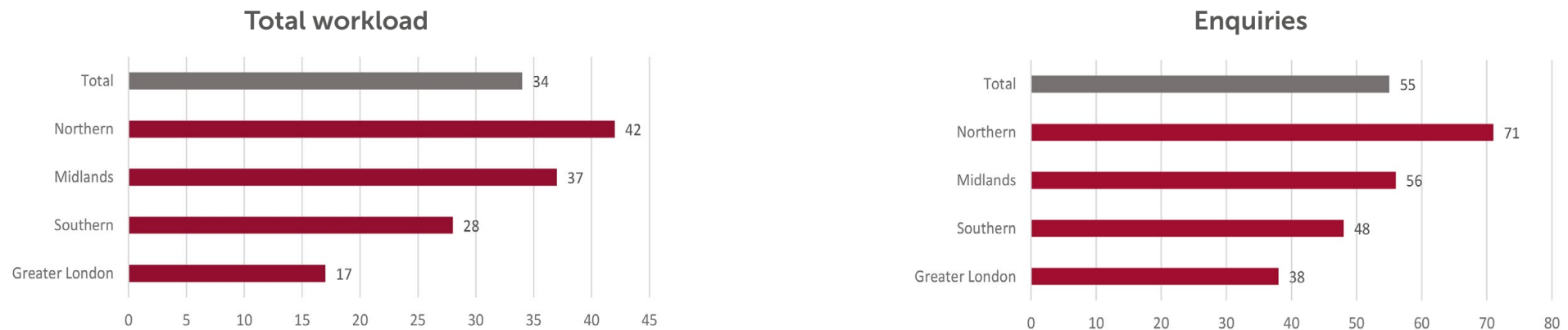
While activity remained in positive territory for builders in England, Wales and Northern Ireland, respondents in Scotland continued to report contracting workloads. Builders in Scotland were not permitted to carry out non-essential construction work for the period January to March. The challenging winter conditions further constrained activities for builders in Scotland with days of snow and ice preventing work from being carried out on site.



Graph 7 - Q3/Q4/Q6. Base: England (n=172); Wales* (n=19); Scotland* (n=13), Northern Ireland* (n=11) *Caution: Low base size (lower than n=40)

Key indicators in the English regions

Workloads and enquiries were all firmly in positive territory for the English regions. Builders in London reported the slowest activity of all the regions, and in its manifesto for the next Mayor, FMB London is calling for more help for London's builders to access their place of work by assessing the impact of road closures and restricted parking on their operations. The next Mayor should also consider mitigating the impact of proposed boundary tax initiatives on builders in Greater London to aid their recovery from the pandemic.



Graph 8 - Q3/Q6. Base: Northern* (n=38); Midlands (n=41); Southern (n=93); Greater London* (n=29) *Caution: Low base size (lower than n=40)

For more information

This quarter, the survey was issued between 31 March and 21 April 2021 and received 215 completes. It was published in April 2021.

For more information about the FMB please visit www.fmb.org.uk or email PublicAffairs@fmb.org.uk.

For more information about Savanta ComRes, please contact Harry King at Harry.king@savanta.com.



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