

STATE OF THE UK ROOFING INDUSTRY

Q4 2023

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Prepared by Glenigan,
on behalf of NFRC

NFRC
LEADING ROOFING EXCELLENCE

NFRC is the UK's largest and most influential roofing and cladding trade association. With a history spanning over 130 years, NFRC has established itself as the voice of the roofing industry, constantly adapting to change and innovation to ensure its members are at the forefront.

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ABOUT THE AUTHOR



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ECONOMIC DIRECTOR



Allan heads up Glenigan's Economics Unit and has over 30 years' experience in providing insightful market analysis and forecasts on UK construction and the built environment. Following 20 successful years as Economics Director at the Construction Products Association, Allan joined Glenigan 14 years ago. During this time Allan and his team have helped hundreds of businesses confidently develop their market strategies.

Allan sits on the Consulting Committee on Construction Industry Statistics for the Dept for Business (BEIS), is member of a Construction Leadership Council working group and is a guest lecturer in construction at the University of Reading.

ABOUT THIS SURVEY

This report looks at activity during the three months to December 2023. The survey of NFRC members was conducted between 20 December 2023 and 24 January 2024. The responses were weighted to reflect the size of the individual firms and the structure of the roofing sector.

INTRODUCTION BY JAMES TALMAN, NFRC CEO



JAMES TALMAN
NFRC CEO



Our fourth quarter member survey built on the picture of the third quarter edition.

As we are bedding into 2024 and more than likely an election year there are clear markers for the current and future government in some of the key statistics garnered from our members.

Late Payment must be rid

Overdue payment continues to feature highly as key concern. Less than a third of respondents are paid within thirty-day terms and the figures are only slightly better for those on longer terms. This has been a consistent trend ever since we started our surveys. We are supportive of the Government's statutory reporting duty on Business Payment Practices and its impending update, along with the associated league tables published by Build UK, however these measures are not improving the fortunes of the majority of our members, who are also faced with continuing higher labour costs. The knock-on impact for SME's, micro businesses and the self-employed is too often ignored in favour of others who are a strategic risk if not paid within terms.

Continuity of Public Pipeline

It is encouraging that our survey continues to show an optimistic outlook with a rise in workload and demand for labour. This bucks the trend of many other sectors in the current climate and can be attributed to standards set by our members which are valued by their clients. The positive outlook from the survey is dependent on refurbishment of non-domestic public works as a key marker. It is essential that this pipeline is committed to beyond 2025 to enable our members to invest in the skills and innovation for the longer term.

Stimulus to the Private Sector

Whilst the survey shows some small improvement in outlook for the commercial sector, albeit from a low base, the outlook for new house building is a major cause for concern for the substantial number of members who serve this sector. We trust that the economic indicators will start to improve the outlook which will be reflected in our next survey and that there are measures in the Spring budget to get sites moving again.

Employment Opportunities

It is pleasing to report that the survey continues to show employment opportunities across both pitched and flat roofing. A great deal of work has gone into changing the image of the sector, reflected in the professionalism of our members. This work is crucial to both the replacement of retirees but also for the additional skills required in areas such as solar PV, rainwater management and living (green) roofs.

Sustainability in Procurement

This survey also focused on the topic of sustainability and how it is featuring in procurement considerations. The findings would suggest a significant gap between rhetoric and reality. There appears to be no joined approach amongst our member clients on common needs. This is an area for NFRC to focus on helping to drive consensus on what is practical and beneficial to all parties.

I trust the conclusions from this survey will add to the overall understanding of this vital sector to the UK construction market and help form collective opinion.

I would like to thank all our members who participated in this survey and to our team and those at Glenigan for pulling it all together.

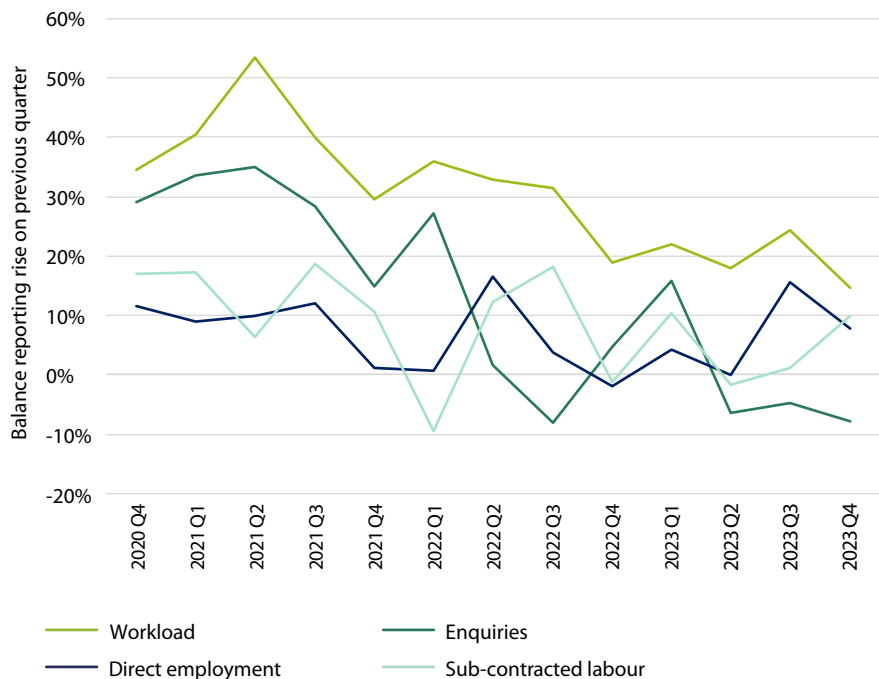
KEY INDICATORS

Overall roofing contractors' workload grew during the fourth quarter of 2023. 27 per cent of firms saw a rise in workload on the previous quarter against 12 per cent reporting a decline. Workload was also higher than a year ago, with 37 per cent of firms reporting an increase against 17 per cent seeing a decline.

Enquiries continued to decline slightly during the fourth quarter with 32 per cent of firms reporting a fall against 24 per cent reporting an increase, a balance of eight per cent of firms. This points to a potential softening in workload over the coming months. Enquiries were also down on a year ago with 35 per cent of firms reporting a fall against 20 per cent seeing an increase.

Employment levels rose during the quarter, with 19 per cent of firms increasing their direct headcount against the previous quarter compared to 11 per cent reporting a decline. Use of sub-contracted labour grew with 26 per cent of firms using more and 16 per cent decreasing their use of sub-contracted labour during the quarter.

CHART 1: KEY INDICATORS



N.B. Balance of respondents refers to the percentage reporting an increase less the percentage reporting a decline



WORKLOAD AND ENQUIRIES BY SECTOR

Workload has continued to rise with 27 per cent of roofing contractors reporting that their overall workload was up on the third quarter of 2023 compared to 12 per cent reporting a decline. Roofing contractors reported a rise in workload across most sectors. Domestic RM&I was the fastest growing sector, with 30 per cent of firms operating in the sector increasing their workload, while 14 per cent reported a decline. In contrast, the new residential sector experienced a decline during the quarter: 21 per cent of firms experienced an increase but 28 per cent reported workload was down on the previous quarter.

Enquiries point to a softening in workload over the coming months. Commercial new build enquiries were particularly weak with 38 per cent of companies seeing a decline in enquiries and 11 per cent reporting growth. New residential enquiries were also sharply down on the previous quarter. In contrast, Commercial RM&I enquiries strengthened with 36 per cent of firms reporting an increase against 13 per cent having experienced a decline on the previous quarter.



CHART 2: WORKLOAD BY SECTOR

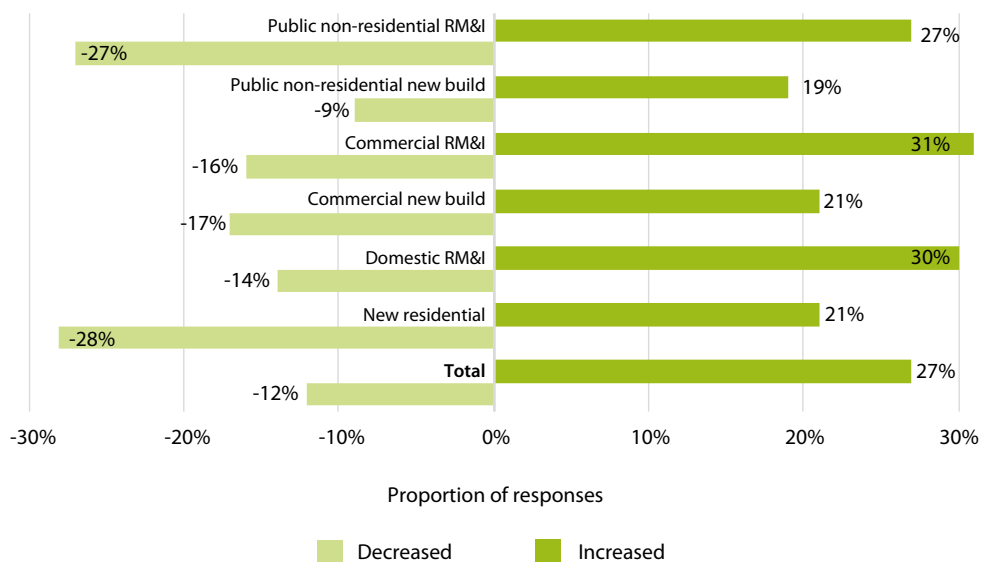
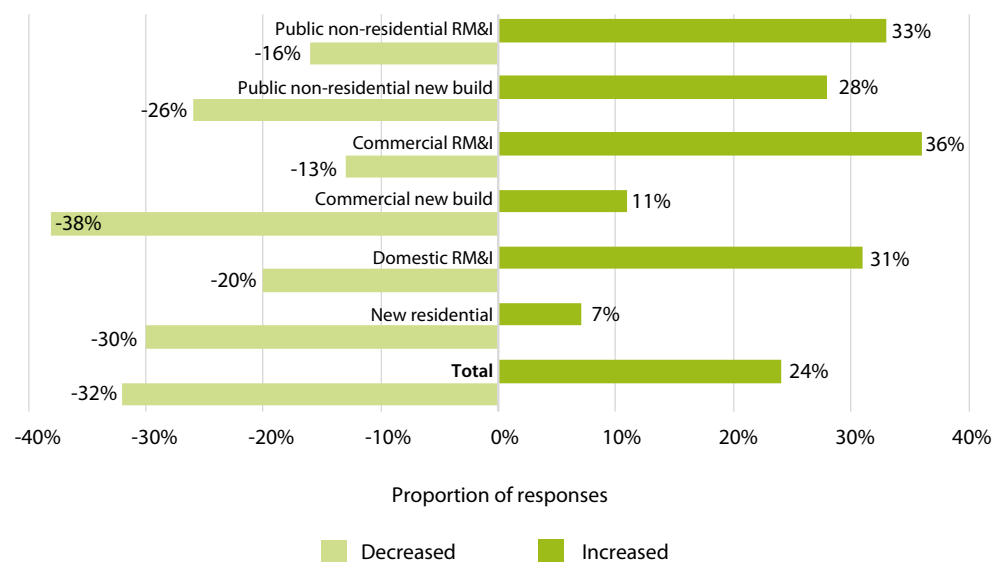


CHART 3: ENQUIRIES BY SECTOR



WORKLOAD AND ENQUIRIES BY REGION

Roofing contractors operating nationwide saw the strongest rise in workload during the fourth quarter, with 47 per cent of contractors reporting a rise in workload and no firms reporting a decline. In contrast, an equal proportion of roofing contractors operating in London & Southern Counties, the Midlands, Scotland and Northern Ireland, saw a rise in activity as reported a decline during the period.

New enquiries point to a weakening in regional workload growth over the coming months. Contractors with operations in Northern Ireland experienced the weakest level of new enquiries; 83 per cent of roofing contractors operating in the region reported a decline in enquiries with no firms reporting an increase. Only contractors operating nationwide experienced an overall rise in new enquiries: 59 per cent of companies reported growth in enquiries, with 12 per cent firms experiencing a decline.

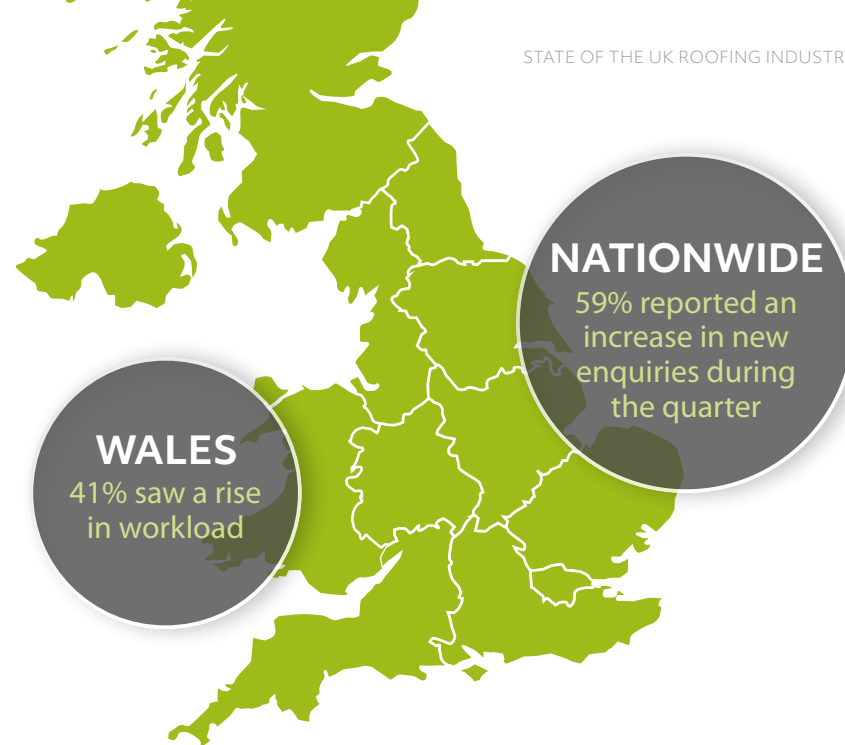


CHART 4: WORKLOAD – CHANGE ON PREVIOUS QUARTER

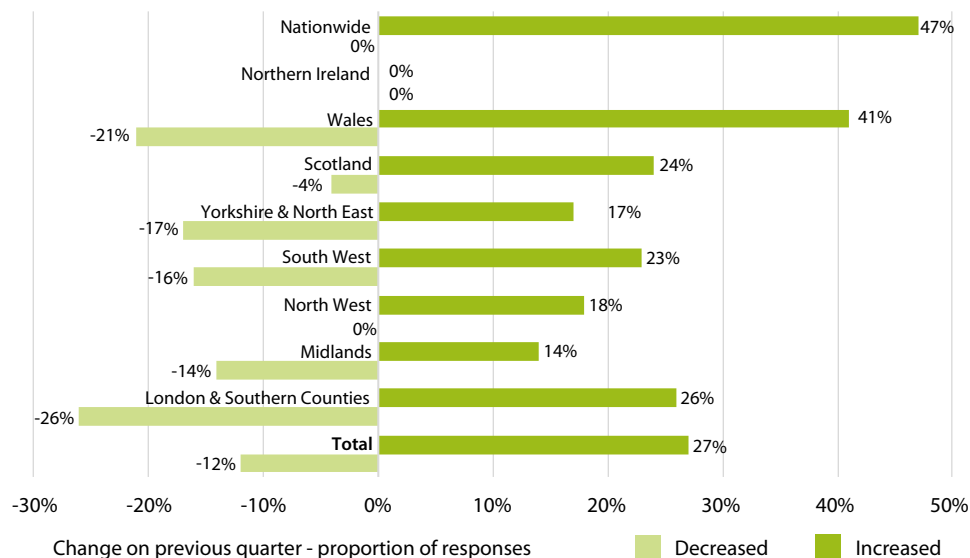
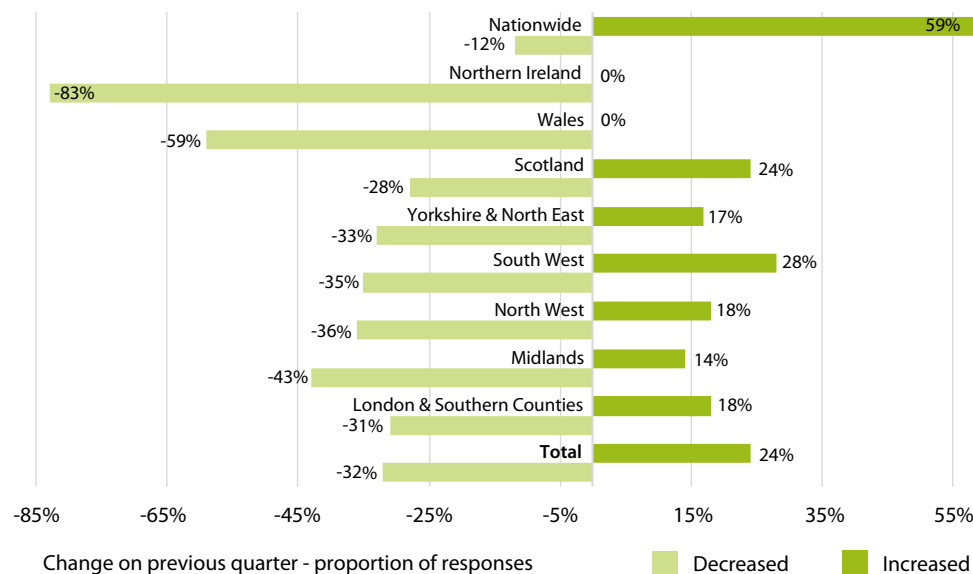


CHART 5: ENQUIRIES – CHANGE ON PREVIOUS QUARTER



EMPLOYMENT AND SKILLS SHORTAGES

Staff recruitment remains difficult. 44 per cent of firms experienced greater difficulty recruiting suitable labour during the fourth quarter compared to the previous quarter, while no contractors experienced an improvement in recruitment conditions. Employment levels rose during the quarter, 19 per cent of firms increasing their direct headcount against the previous quarter compared to 11 per cent reporting a decline. Recruitment was strongest by firms operating in the public non-residential and commercial RM&I sectors.

Overall use of sub-contracted labour grew, with 26 per cent of firms using more, and 16 per cent decreasing their use of sub-contracted labour during the quarter.

Felters was the most frequently mentioned difficult-to-fill role with 24 per cent reporting recruitment problems. There were also widespread shortages reported of built-up felt roofers, roof slater and tiler and slaters. 17 per cent of firms experienced recruitment difficulties for all roles.

CHART 6: LABOUR INDICATORS

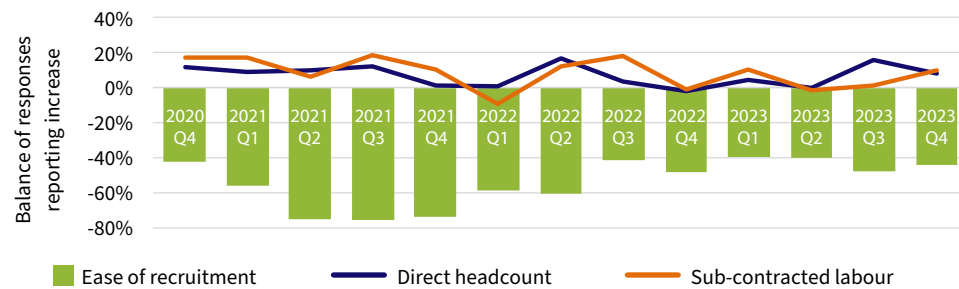
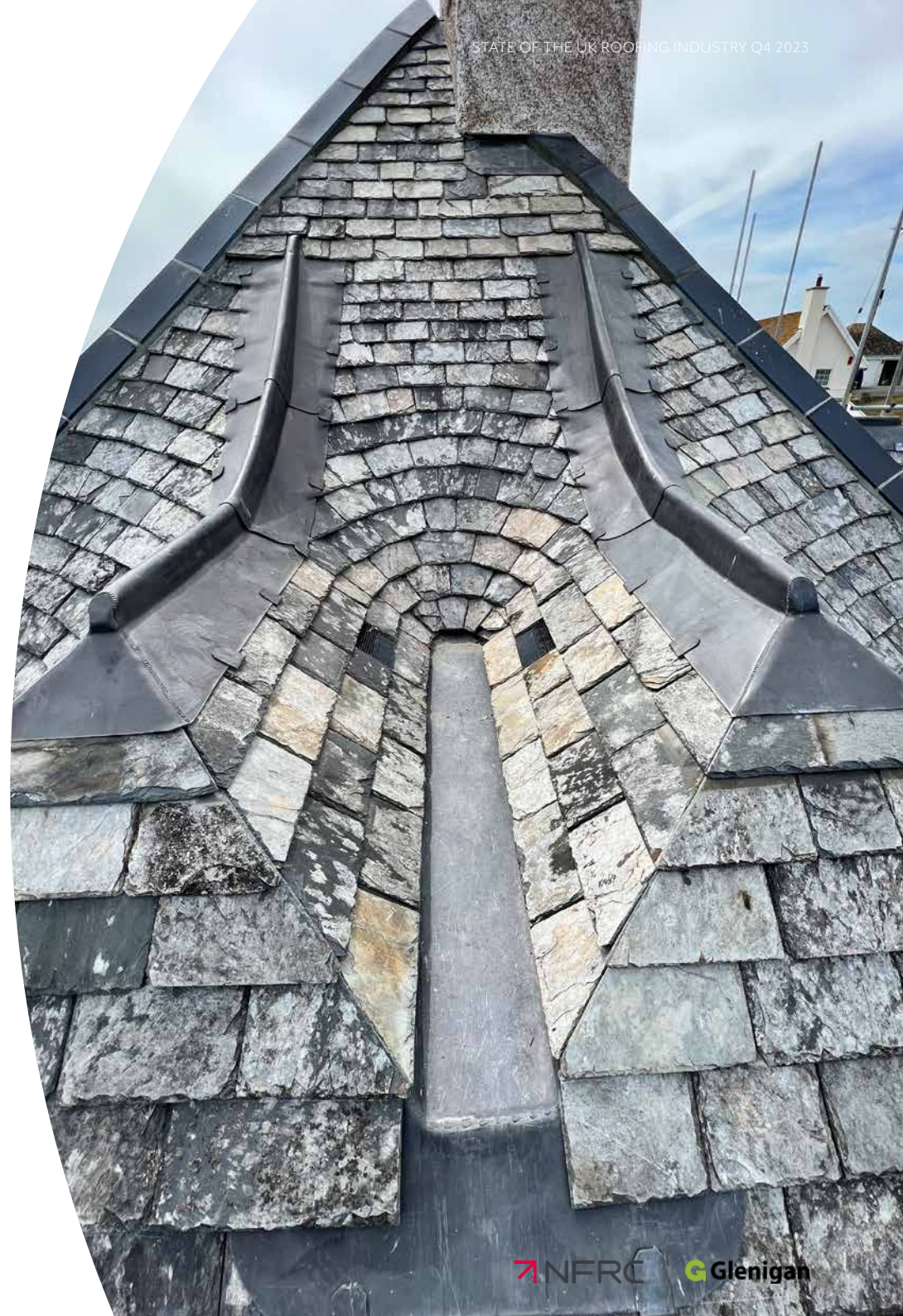
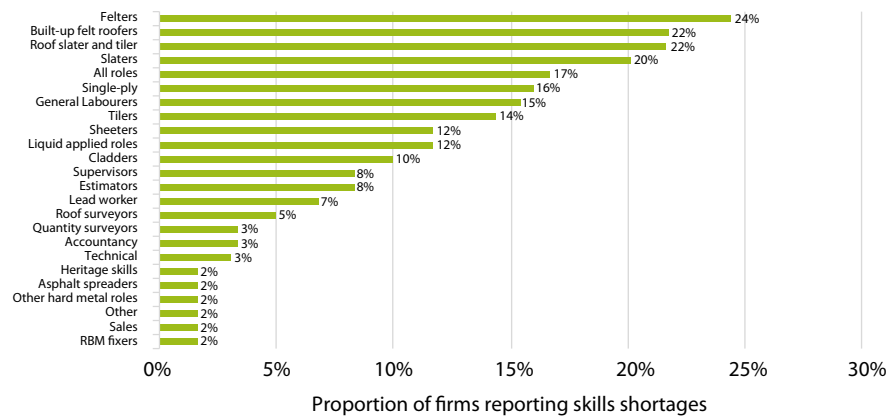


CHART 7: AREAS OF SKILLS SHORTAGES



COSTS, PRICES AND MATERIALS AVAILABILITY

Materials availability has continued to improve, with 19 per cent of firms reporting greater ease in securing materials during the quarter and just two per cent of firms experiencing greater difficulty. Shortages of concrete roof tiles were most widespread, reported by nine per cent of roofing contractors. Clay roof tiles and insulation were also mentioned as being in short supply by eight per cent of respondents. Slate roof tiles and insulation were also mentioned as being in short supply by eight per cent of respondents. Just four per cent of firms reported difficulty obtaining all types of materials.

Material price inflation has eased significantly compared with the start of the year. However, 30 per cent of firms reported higher material costs during the fourth quarter of 2023, compared with the preceding three months. No firms reported a decline in material prices. The rise in labour costs accelerated with more firms reporting a rise in costs than during the previous quarter. 50 per cent of firms saw wage costs rise during the fourth quarter while two per cent reported a decline. 29 per cent of contractors reported a rise in their tender prices during the fourth quarter and six per cent saw a fall. Higher tender prices were most widespread in the public non-residential new build sector.

CHART 8: COST PRESSURES

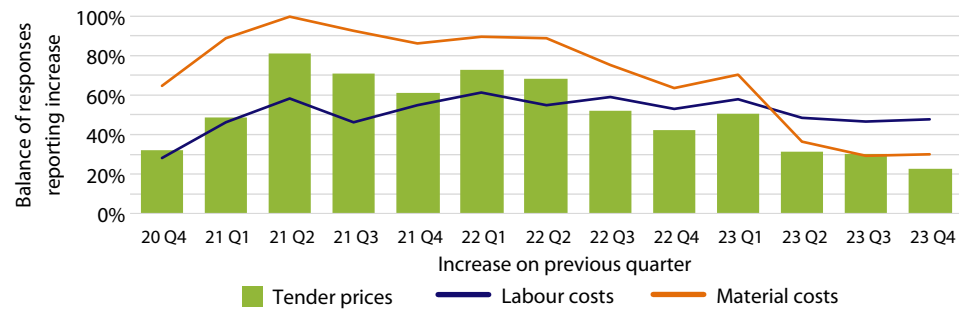
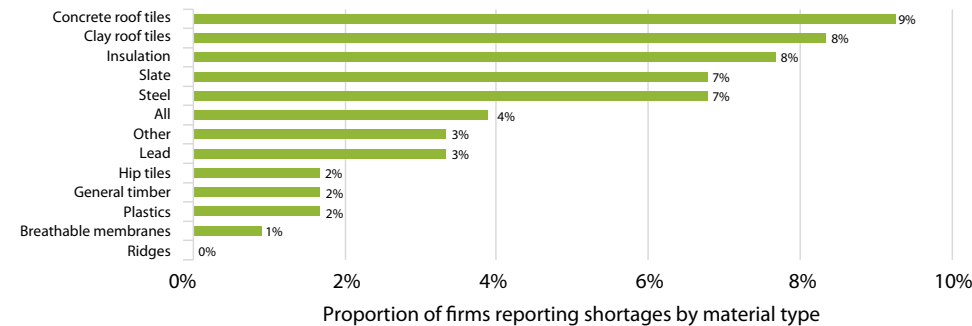


CHART 9: MATERIAL SHORTAGES



MARKET EXPECTATIONS

A small majority of roofing contractors expect workload to decrease during the next quarter, and slight decline is anticipated over the next 12 months; 29 per cent of firms expect their workload to decrease over the coming year, while 26 per cent expect an increase. Public non-residential RM&I is expected to be the fastest growing sector with 33 per cent of firms anticipating that their workload will increase against 30 per cent predicting a decrease. In addition, 28 per cent of firms operating in the commercial RM&I sector expect workload to grow over the next twelve months against 26 per cent anticipating a decline. Public non-residential new build is expected to be the weakest sector over the next twelve months. Workload expectations vary regionally. Firms operating in the Midlands, the South West and nationwide were the most positive about workload over the next twelve months. Firms operating in Northern Ireland and the North West had widespread expectations of a decline in their workload.

CHART 10: MARKET EXPECTATIONS – 12 MONTHS

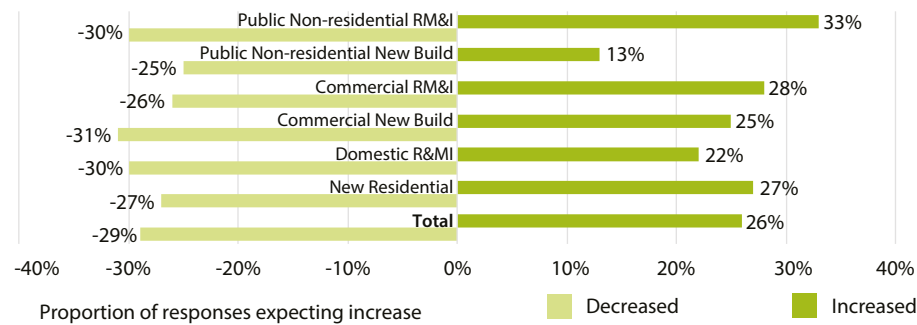
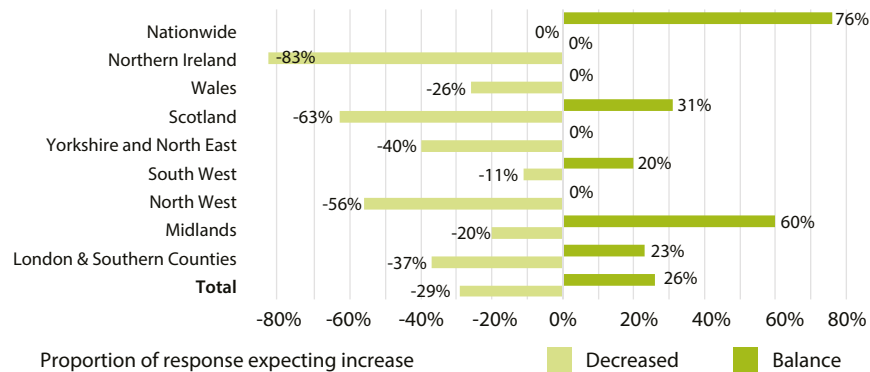


CHART 11: MARKET EXPECTATIONS BY REGION – 12 MONTHS



PAYMENT TERMS

Late payment of due accounts remains widespread. Over half of firms (58 per cent) reported that their contractual payment terms were 30 days or less, but only 32 per cent of firms were, on average, paid within that period. A similar picture was reported by firms with longer payment terms. Only eight per cent of firms had payment terms of 46 days or more, but 28 per cent of firms reported that was the average time that they had to wait for payment.

CHART 12: PAYMENT TERMS AND PERIODS

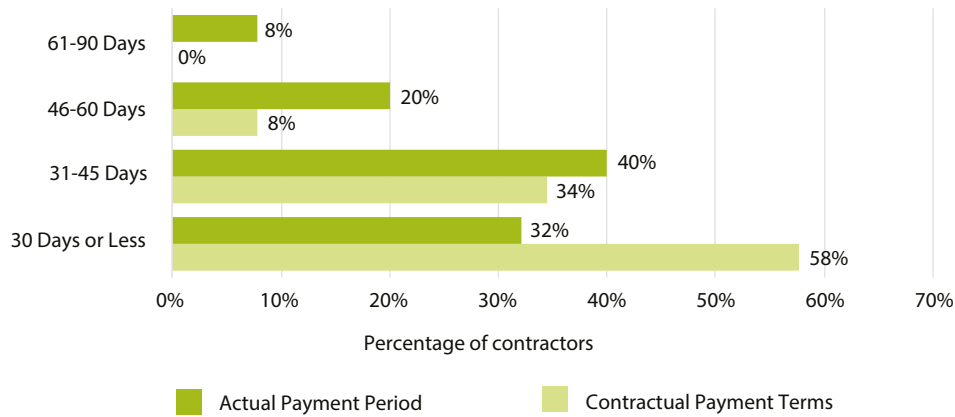
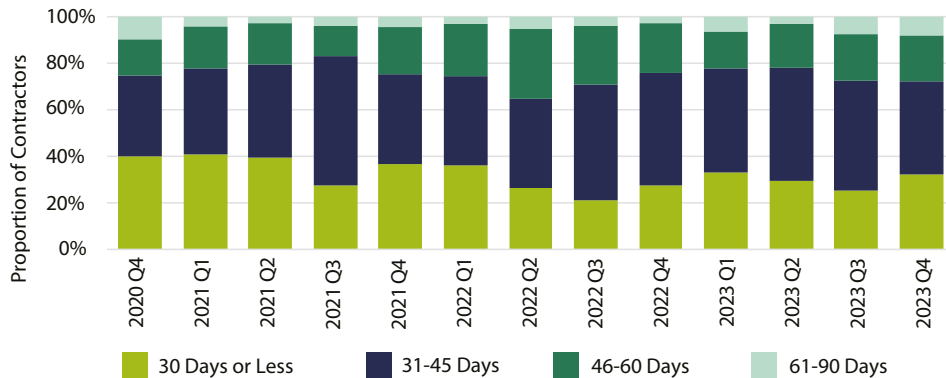


CHART 13: ACTUAL PAYMENT PERIOD



SUSTAINABILITY AND BUSINESS

About a third (34 per cent) of roofing contractors reported that they are regularly asked about sustainability when they receive opportunities to tender. 32 per cent of firms reported they are only asked about sustainability sometimes, with 24 per cent of firms reporting that they never get questions about sustainability. Firms also reported that a very small proportion of tender/PQQ scores was dedicated to sustainability. 56 per cent of firms reported that less than five per cent of the overall score, and 32 per cent reported that less than ten per cent of the score, is dedicated to sustainability. Some of the most popular sustainability topics that roofing contractors report they would like to know more about include sustainability business strategy (27%), as well as carbon footprinting and reporting (21%).

CHART 14: FREQUENCY OF BEING ASKED ABOUT SUSTAINABILITY

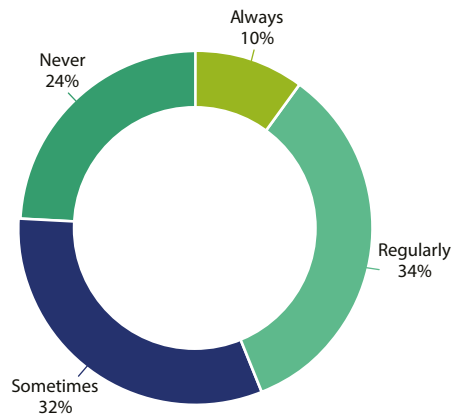
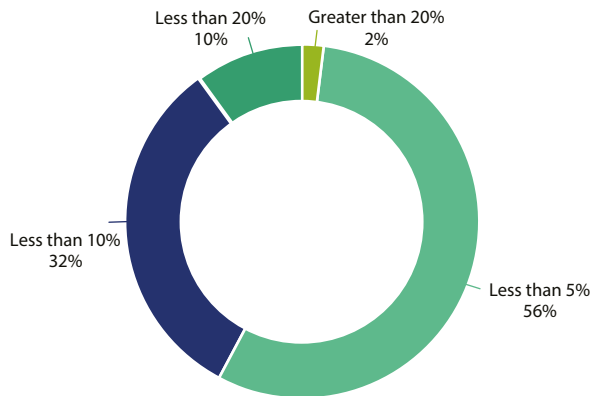


CHART 15: PROPORTION OF TENDER/PQQ SCORE DEDICATED TO SUSTAINABILITY





Glenigan is proud to have partnered with NFRC to produce this State of the UK Roofing Industry report.

We help roofing contractors, materials manufacturers and suppliers to find new-business opportunities, and to better understand their markets.

If you'd like to find out how we can help your business, please visit the link below. We're pleased to be able to offer preferential rates to NFRC members.

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