

Prepared by Glenigan, on
behalf of the NFRC

 **Glenigan**

State of the UK Roofing Industry

Q2 2021

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LEADING ROOFING EXCELLENCE

NFRC is the UK's largest and most influential roofing and cladding trade association. With a history spanning over 125 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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Contents

About The Author 3

About This Survey..... 3

Introduction by James Talman, NFRC Chief Executive..... 4

Key Indicators 5

Workload and Enquiries by Sector 6

Workload and Enquiries by Region 7

Employment and Skills Shortages 8

Costs, Prices and Materials Availability 9

Market Expectations..... 10

Payment Terms 11

Digital Invoicing and Payments 12

Charts

Chart 1: Change in Key Market Indicators 5

Chart 2: Workload and Enquiries by Sector..... 6

Chart 3: Workload and Enquiries by Region 7

Chart 4: Labour Indicators 8

Chart 5: Areas of Skills Shortages 8

Chart 6: Change in Costs and Prices 9

Chart 7: Material Shortages..... 9

Chart 8: Market Expectations - 12 Months 10

Chart 9: Market Expectations - 12 Months 10

Chart 10: Payment Terms and Periods..... 11

Chart 11: Invoicing 12

Chart 12: Payments..... 12



About The Author



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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 13 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 June 2021. The survey of NFRC members was conducted between the 8th July and 26th July 2021. 177 roofing contractors responded to the survey and the responses were weighted to reflect the size of the individual firms and the structure of the roofing sector.

Introduction by James Talman, NFRC Chief Executive



James Talman

NFRC Chief Executive



The second quarter of this year continued in the same vein as the first—sustained growth in workloads and enquiries, accompanied by worsening material and labour shortages and inflation. This quarter, however, saw these trends intensify, and qualitative feedback received in this survey indicates that contractors are feeling the pressure.

Starting with the good news—over half of roofing contractors (53 per cent) saw a growth in their workloads over the quarter. This is up slightly on the previous survey, and unsurprisingly when asked to compare workloads with a year previously, this was as high as 61 per cent, owing to the impact of lockdowns this time last year.

Workloads look set to continue to grow in the near future, with just over a third (35 per cent) of contractors reporting that their enquiries are up on the previous quarter, which is the same figure as the previous survey, indicating that demand for roofing work remains robust.

The sheer amount of work roofers are taking on has clearly had a positive impact on headcount, with a balance of one in ten contractors saying they have taken on more people as opposed to those reducing staff numbers.

It is therefore unsurprising to see that three quarters (76 per cent) of roofing contractors reporting difficulties with recruitment at this time, with companies reporting severe skill shortages, and the labour coming through being poor quality. The most common shortage areas continue to be in the pitched roofing market with roof, slaters and tilers (47 per cent), slaters (32 per cent) and tilers (31 per cent) taking the top three roles in most demand.

Material availability deteriorated yet again in the second quarter, with four in every five firms (81 per cent) saying it worsened. Whilst concrete roof tiles remained the product in the shortest supply (54 per cent), the number of areas of shortages has broadened in the past quarter, with 20 per cent of contractors now reporting shortages in plastics and steel. Perhaps most concerning of all, is that 100 per cent of respondents said they saw material prices rise in the second quarter of the year. Some of the qualitative reports we heard from members indicated price rises of almost 300 per cent.

This quarter's survey confirms what we have been hearing from across the industry, that there is more work coming in and of a deteriorating availability of materials and labour. The government have used the construction industry to help the country come out of the pandemic through its build, build, build strategy. This has clearly worked.

Whilst the government can't solve all the problems the industry is now experiencing, it can do a few things to help. First they should extend the transition period of the new CA marking of products, which will exacerbate the shortages we are seeing across the industry. The second would be to tackle the skill shortages of HGV drivers, which is causing delays in the delivery of materials. Finally it should ensure that fluctuations in material prices as described above are allowed to be passed on to principal contractors and ultimately to itself and associated public bodies where the work is in the public sector. It should actively encourage the private sector to follow suit. If not the impact will be seen in failing businesses.

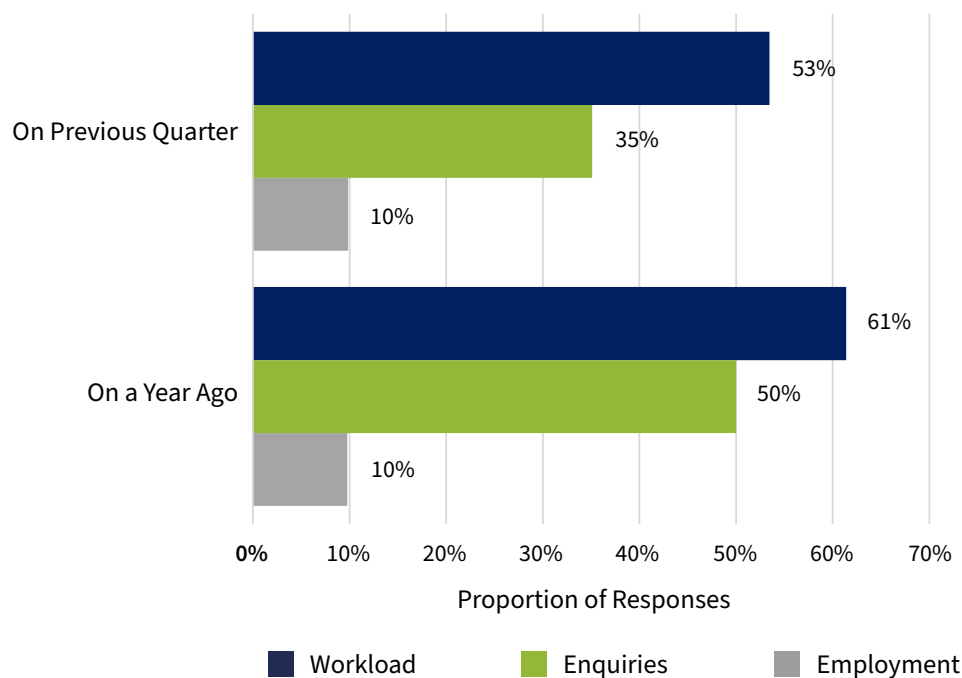
Key Indicators

Roofing contractors' workload continued to rise strongly during the second quarter, with 61 per cent seeing a rise in workload on the previous quarter against 7 per cent reporting a decline.

A balance of 35 per cent of firms reported an increase in enquiries, signalling a further rise in workload over the next three months. The increase in workload and enquiries against the lockdown disrupted second quarter of 2020 is even more marked, with a balance of 61 per cent of firms reporting higher workload and half seeing more enquiries than a year ago.

The increase in industry workload lifted direct employment with a balance of firms (10 per cent) expanding their direct workforce against both the preceding three months and a year ago.

Chart 1: Change in Key Market Indicators



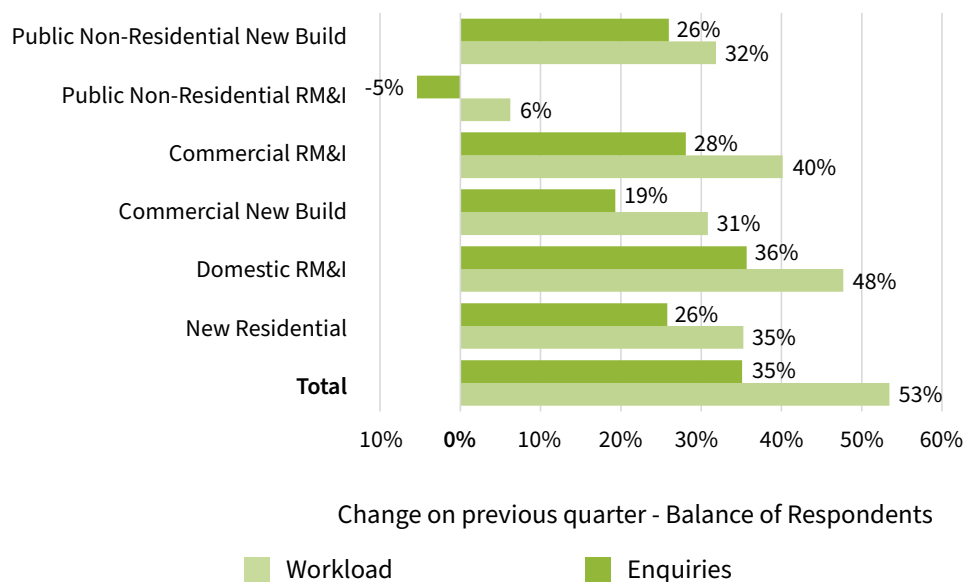
N.B. Balance of respondents refers to the percentage reporting an increase less the percentage reporting a decline

Workload and Enquiries by Sector

Workload continued to rise strongly during the second quarter with a balance of 53 per cent of roofing contractors reporting that their overall workload was up on the first three months of 2021. Domestic repair, maintenance and improvement (RM&I) remains the fastest growing sectors, with 52 per cent of firms operating in the sector increasing their workload against only 4 per cent seeing a decline. The commercial RM&I and new residential sectors also saw strong growth with a balance of 40 per cent and 35 per cent of firms respectively increasing their workload.

Strong enquiries point to a further potential rise in workload during the third quarter. The domestic, commercial and public non-residential repair, maintenance and improvements sectors and new residential sector saw the strongest rise in enquires during the quarter.

Chart 2: Workload and Enquiries by Sector

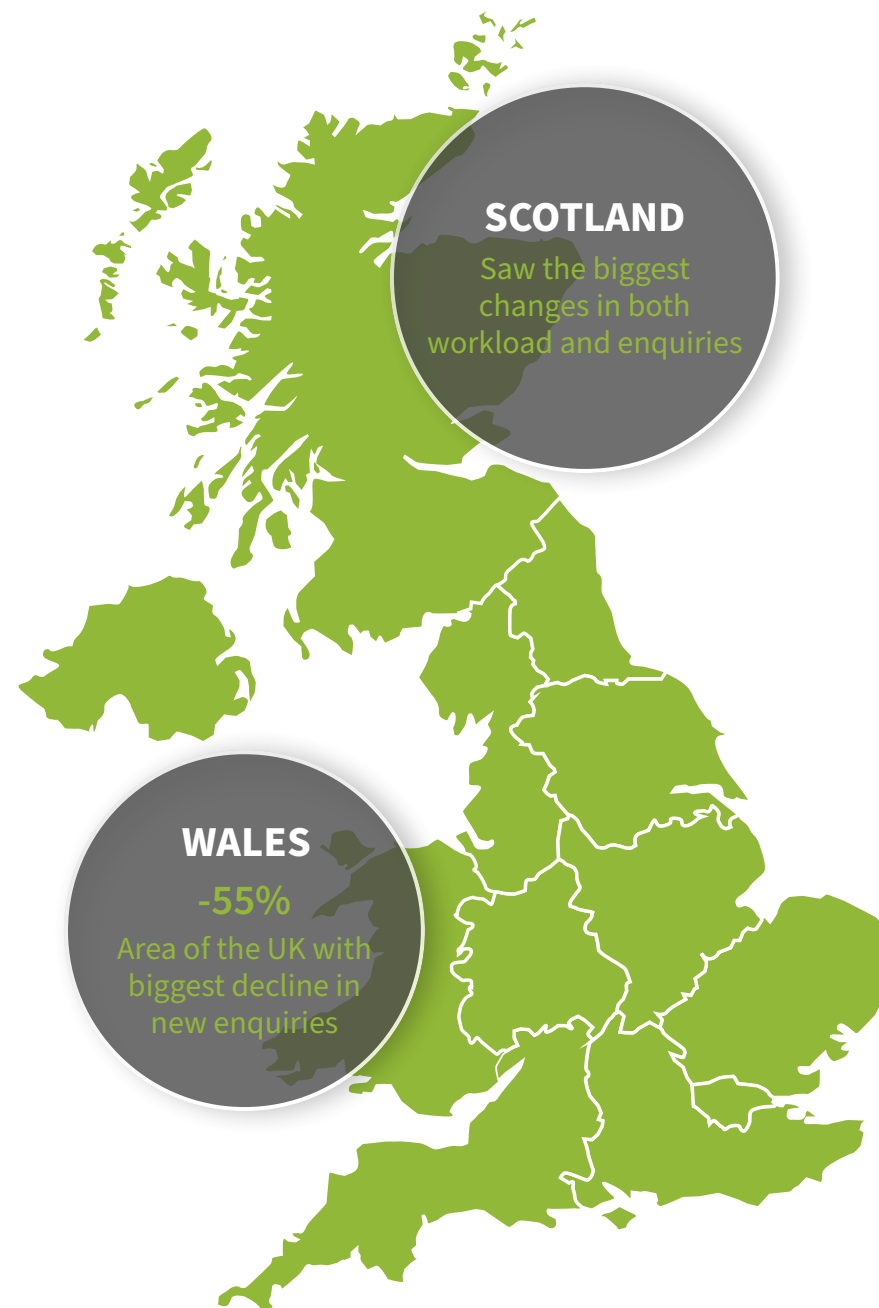
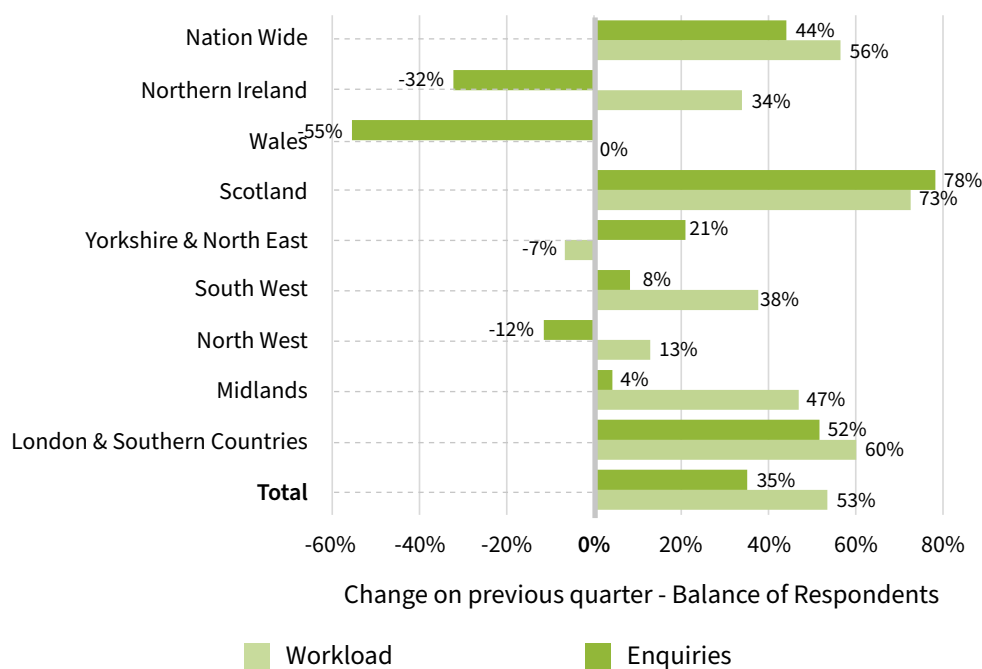


Workload and Enquiries by Region

Scotland enjoyed the strongest rise in workload after a subdued performance during the first quarter of 2021. Contactors with a nation-wide presence and those operating in London and the Southern counties also reported a strong rise in workload. In contrast firms in Yorkshire and the Humber reported a drop in workload after seeing above average growth during the previous two quarters.

A divergence in enquires indicates that workload growth will continue to be centred around Scotland, London & Southern Counties and national firms. In contrast the North West, Wales and Northern Ireland saw a deterioration in new enquiries.

Chart 3: Workload and Enquiries by Region



Employment and Skills Shortages

Firms have increased their direct headcount and made greater use of sub-contracted labour as their workload has increased. However, firms report widespread shortages of skilled labour, with 76 per cent of firms experiencing greater difficulty recruiting suitable labour during the quarter against just 1 per cent finding recruitment easier. Roof slater and tiler was the most mentioned difficult to fill role with almost half of firms (47 per cent) reporting recruitment difficulties. Slaters, tilers and general labourers were also frequently mentioned.

Chart 4: Labour Indicators

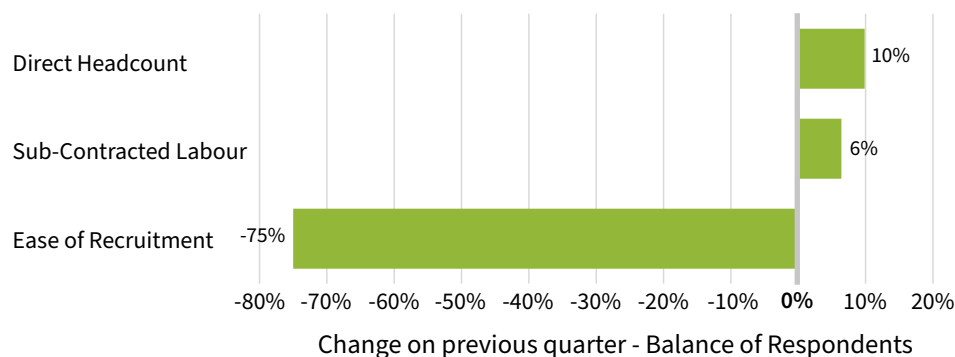
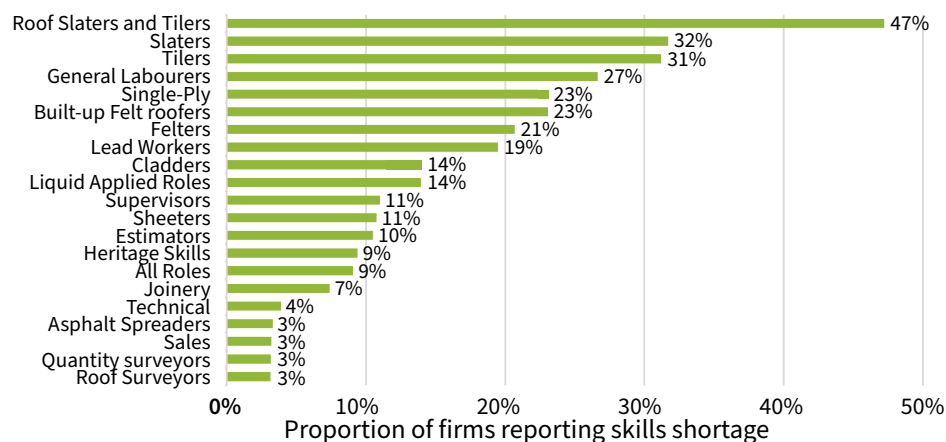


Chart 5: Areas of Skills Shortages



Costs, Prices and Materials Availability

Rising workloads have also fuelled an increase in labour costs. A balance of 58 per cent of firms reported that their labour costs rose during the second quarter.

However, roofing material availability and costs are of greater concern to roofing contractors. All firms reported that material prices had risen against the previous quarter and 81 per cent reported that material availability had deteriorated. Over half (54 per cent of firms) reported difficulty obtaining concrete roof tiles. Timber battens (49 per cent), insulation (44%) and general timber (42 per cent) were also frequently mentioned as being in short supply.

Chart 6: Change in Costs and Prices

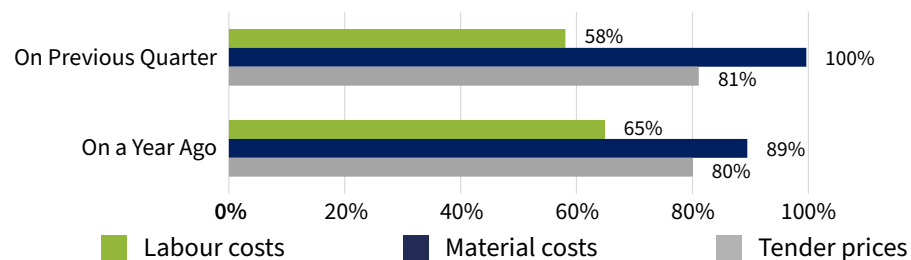
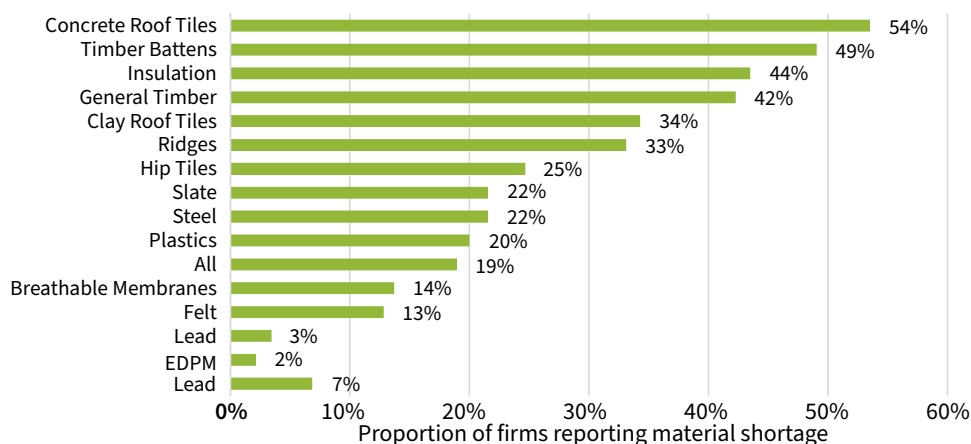


Chart 7: Material Shortages



Market Expectations

Roofing contractors expect further growth in workload during the next 12 months. Near term, public non-residential RM&I and commercial RM&I are set to be the fastest growing sectors during the third quarter. Looking to the year ahead, roofing contractors expect the rise in workload to be sustained and more broadly spread across the new build and RM&I sectors, with expectations greatest for the public non-residential new build and RM&I and commercial new build. Regionally growth expectations are greatest among those operating in Scotland, London & Southern Counties and nationwide.

Chart 8: Market Expectations - 12 Months

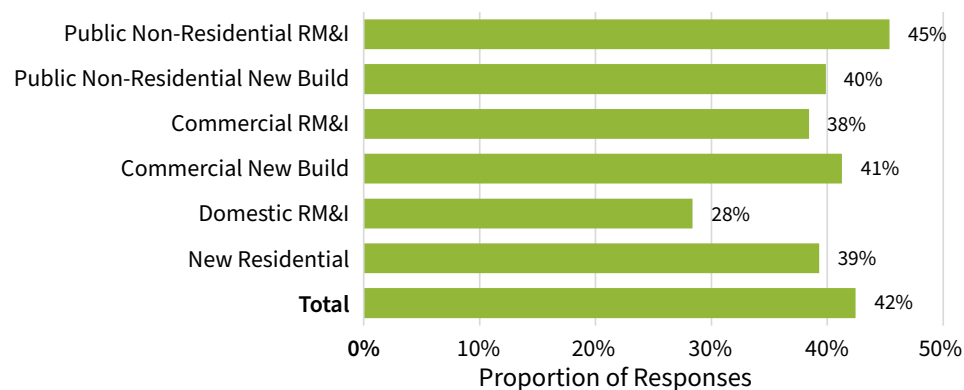
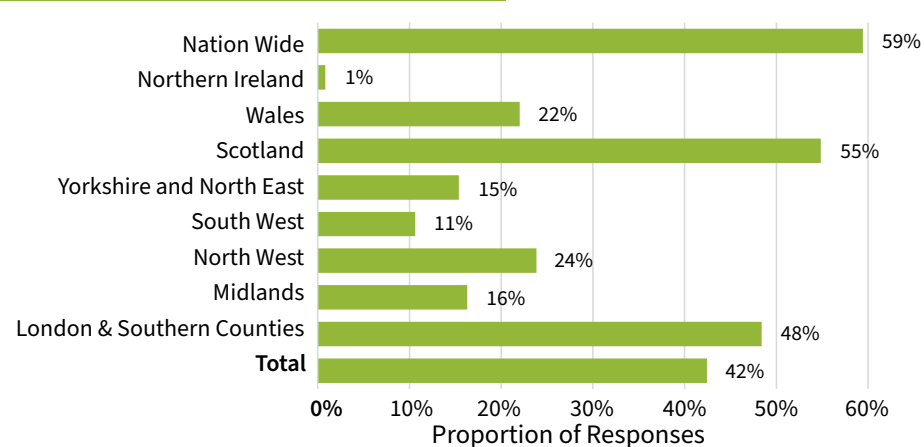


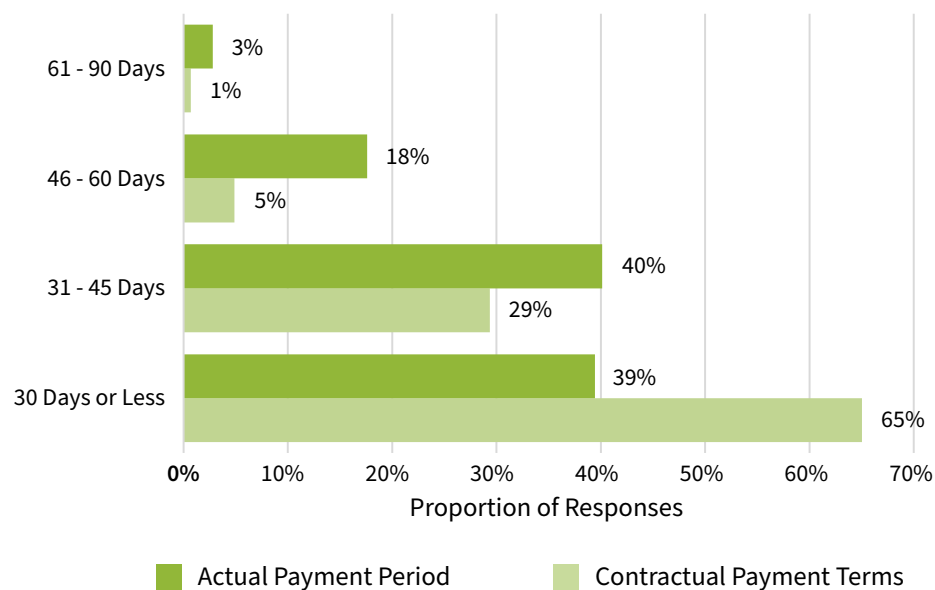
Chart 9: Market Expectations - 12 Months



Payment Terms

Firms reported that the late payment of due accounts is widespread. Whilst 65 per cent of firms have contractual payment terms of 30 days or less, only 39 per cent of firms were, on average, paid within that period. A similar picture was reported by firms with longer payment terms. Only 6 per cent of firms had payment terms of 46 days or more, but 21 per cent of firms reported that was the average time that they had to wait for payment.

Chart 10: Payment Terms and Periods



Digital Invoicing and Payments

The use of digital invoicing and payment by roofing contractors is widespread. Over half (53 per cent) of firms send all invoices electronically and a further 34 per cent mostly use digital invoices. Just 9 per cent only use manual invoices. The sole use of digital invoices was lowest in the domestic repair, maintenance and improvement sector, suggesting that the partial use of manual invoicing is being retained to suit customers' requirements. Only 37% of firms receive all of their payments digitally, but a further 60% receive most of their payments in this way. Just 1% only received payments manually.

Chart 11: Invoicing

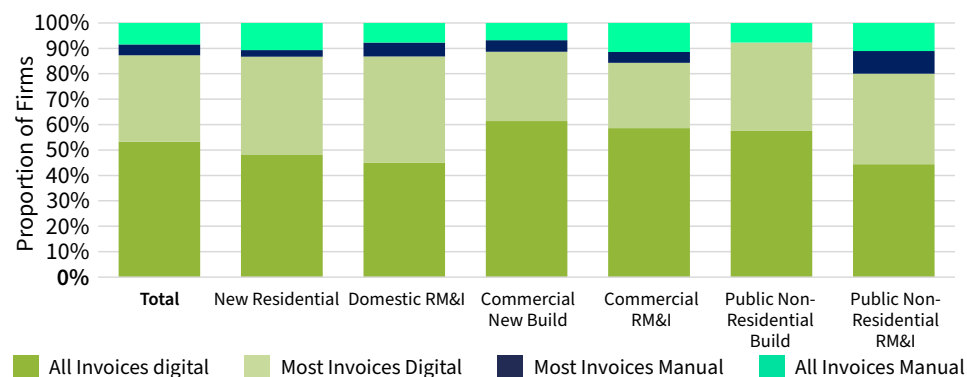
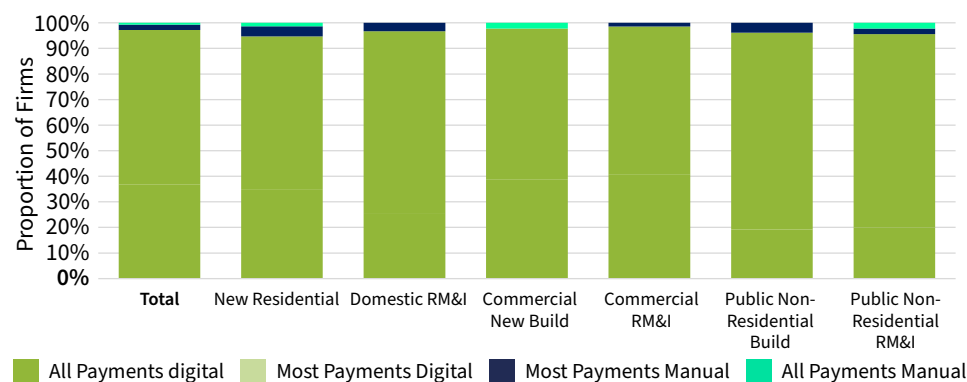


Chart 12: Payments





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Glenigan

Glenigan are proud to have partnered with the 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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