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Fall in Public Sector Spending is Cause of Concern for Specialist Contractors

Cuts in public sector spending are threatening previous signs of recovery in the construction industry according to the latest NSCC State of Trade Survey. Although the results for the second quarter of 2010 show Specialist Contractors reporting increases in enquiries (42%) and orders (39%), just 38% of respondents anticipate an increase in workload over the next 12 months, down from 53% last quarter. As existing work nears completion, the conversion of future enquiries into orders will become critical in the coming months and the Coalition Government's cost-cutting measures are likely to have a significant impact.

In spite of this future uncertainty, there are early signs of employment pressures with 78% of Specialist Contractors experiencing recruitment difficulties due to a low number of skilled applicants. This highlights the need for continued investment in training if a future skills shortage is to be prevented.

Payment practices have worsened this quarter with just 3% of Specialist Contractors reporting payment within 30 days and almost one in four waiting longer than 60 days. Cash retentions are further hampering cash flow with 85% of respondents having money withheld against them in retention. Almost half of these monies are overdue for release at an average of over £55,000 per respondent.

The NSCC Chief Executive, Suzannah Nichol, commented on the results of the NSCC survey:

"Specialist Contractors continue to face difficult trading conditions and this quarter's results highlight the importance of public sector funding to construction. With the industry accounting for 10% of GDP and generating £2.84 in economic activity for every £1 invested in it, the case for maintaining capital spend on construction projects couldn't be clearer."

NSCC now contributes its findings to the State of Trade Survey published by the Construction Products Association (CPA) to enable the experiences of the specialist sector to be compared with the wider industry.

~ Ends ~

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Notes to Editors

1. The National Specialist Contractors Council (NSCC) brings together the common aims of 32 specialist trade organisations within the construction industry and is the authoritative voice of Specialist Contractors in the UK.
2. The NSCC State of Trade Survey is carried out quarterly across the specialist sectors represented by NSCC and the results are analysed by the School of the Built Environment at Northumbria University.
3. A full copy of the latest NSCC State of Trade report is available on the News page of the NSCC website at www.nsc.org.uk.
4. The Construction Products Association (CPA) represents the UK's manufacturers and suppliers of construction products, components and fittings, acting as the voice of this £40 billion sector to represent the views of its members.