

Repair, Maintenance and Improvement Index

Surveying the Nation's Tradespeople

August 2020



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“ Enquiry levels for new work are as buoyant as they were pre-Coronavirus. It appears that we will be busy for the rest of this year. ”

Plumber, East Midlands

“ Most sites we are working on are virtually back to normal in terms of activity – I’m optimistic for the future. ”

Electrician, East Anglia

“ We lost four months' worth of work due to COVID but we're seeing good signs of recovery now. ”

Bricklayer, Wales

“ Let's just hope that most people get back to work and that the economy gets going again! ”

Builder, West Midlands

“ Confidence is key. We want to provide clarity to our customers and colleagues, enabling everyone to keep working. ”

Builder, West Midlands

“ My work load is increasing as I think people are spending more as they are not going out or going on holiday. ”

Kitchen fitter, East Midlands

Foreword



Nick Roberts
CEO, Travis Perkins Plc



As the UK's largest distributor of building materials, we know first-hand the contribution that the nation's tradespeople make to the economy.



2020 has been nothing short of extraordinary. When I took up this role last year I could never have imagined how the world in which we live and work would change.

Our business, like many up and down the country, has confronted unprecedented challenges in the face of a pandemic that has prompted a sharp contraction in the global economy. While putting lockdowns in place around the world has helped to tackle the spread of the virus, the economic consequences have been severe. Social distancing rules and other measures designed to safeguard us all have presented challenges to individuals and businesses alike.

The UK construction industry spans the length and breadth of the country and encompasses a wide variety of companies, from large multinational corporations through to sole traders. However, while large infrastructure projects such as HS2 as well as commercial, industrial and residential developments tend to feature prominently in any discussion regarding national construction activity, it is important to remember the hidden army of tradespeople who represent a huge proportion of the work that is delivered across the country.

Our businesses form a critical part of the UK construction industry's supply chain and work in close partnership with a range of customers, including these very tradespeople who operate at the vanguard of the UK construction market. By working with these individuals and companies, we have played our role in supporting the national effort during the COVID-19 crisis by helping to keep Britain warm, dry and secure.

Thanks to the adoption of new operating models and the continued provision of key materials and equipment, we have enabled the country's tradespeople to maintain and repair housing, hospitals, energy plants, waterworks and other critical infrastructure while simultaneously supporting some of the most vulnerable citizens in our country with heating and hot water.



We have been determined to help keep our customers working throughout the COVID-19 crisis and into the recovery period, and are committed to providing them with the materials and equipment they need, thereby ensuring that construction can truly be an engine for growth and play a key role in the UK's future economic recovery.

At the same time, we have been working closely with Government to help shape policy in order to support the construction industry and recognise the importance of areas such as sustainability as the country looks towards a greener future.

At Travis Perkins, we have always remained close to our customers and have regularly surveyed tradespeople across the UK to better understand how they are feeling about their business prospects, their materials requirements and their confidence in general. However, this report is the first time we are making our findings publicly available.

I am particularly reassured to see that our first publication of the *Repair, Maintenance and Improvements Index* shows that the nation's tradespeople are feeling confident and resilient about the outlook for their businesses over the next two months.

This is important for them, vital for the construction industry as a whole but also crucial for the wider economy - last year, the total value of domestic RMI work to the economy completed by the trades was estimated to be £29 billion, according to the Office for National Statistics.

The increased time the majority of us have spent in our houses, combined with the prospect of a shift in how office-based roles will have to adapt in the future, has underlined the importance of investing in the homes where we live and, increasingly, work as well.

Despite the challenges facing the wider economy as a result of the ongoing pandemic, the majority of the 1300+ tradespeople who took part in this survey told us that they are, on the whole, looking towards increased workloads, greater requirements for materials and a resurgent repair, maintenance and improvement market which nearly three quarters see as the main driver for their business.

While no one is suggesting that the economic headwinds we are experiencing as a result of COVID-19 are insignificant, it is notable that respondents' confidence in expected workloads for the next two months compares favourably to the data we collected in the immediate aftermath of the collapse of Lehman Brothers in 2008 and the weeks following the Brexit referendum result in 2016.

With the Brexit negotiations deadline fast approaching, the possibility of falling back to World Trade Organization terms with our largest trading partner presents yet another potential challenge for UK businesses exposed to this market. However, with little direct exposure, UK tradespeople are feeling cautiously optimistic with over a third of respondents stating that there will be no direct impact to their business.

As the UK's largest distributor of building materials, we know first-hand the contribution that the nation's tradespeople make to the economy.

Therefore, their confidence in the near-term outlook and resilience in the face of such challenging market conditions is something that should give us all cause for optimism at this time.

£29 billion

The total value of completed domestic RMI work to the economy

Source - ONS data based on construction output value terms and current prices, 2019

Who we survey

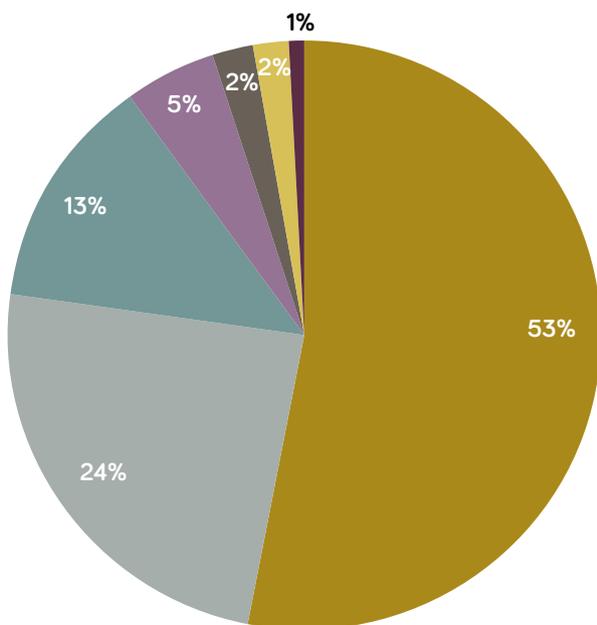
As the UK's largest distributor of materials and equipment to the building, construction and home improvement markets, we have a unique insight into how the country's tradespeople operate. This report captures the views of over 1,300 tradespeople from all areas of the country in order to understand their views on future workloads, areas of the market driving their business and issues such as Brexit, as they look ahead to the next two months.

Customers from our Travis Perkins, CCF, Keyline and Benchmark businesses were surveyed in July.

The responses we received represent a significant cross section of the UK market and span a wide variety of company sizes, from sole traders through to companies employing up to 100 staff. The majority (53%) are sole traders and just over three quarters employ no more than three people.

Number of employees

1 2-3 4-7 8-13 14-24 25-100 101+



This report captures the views of

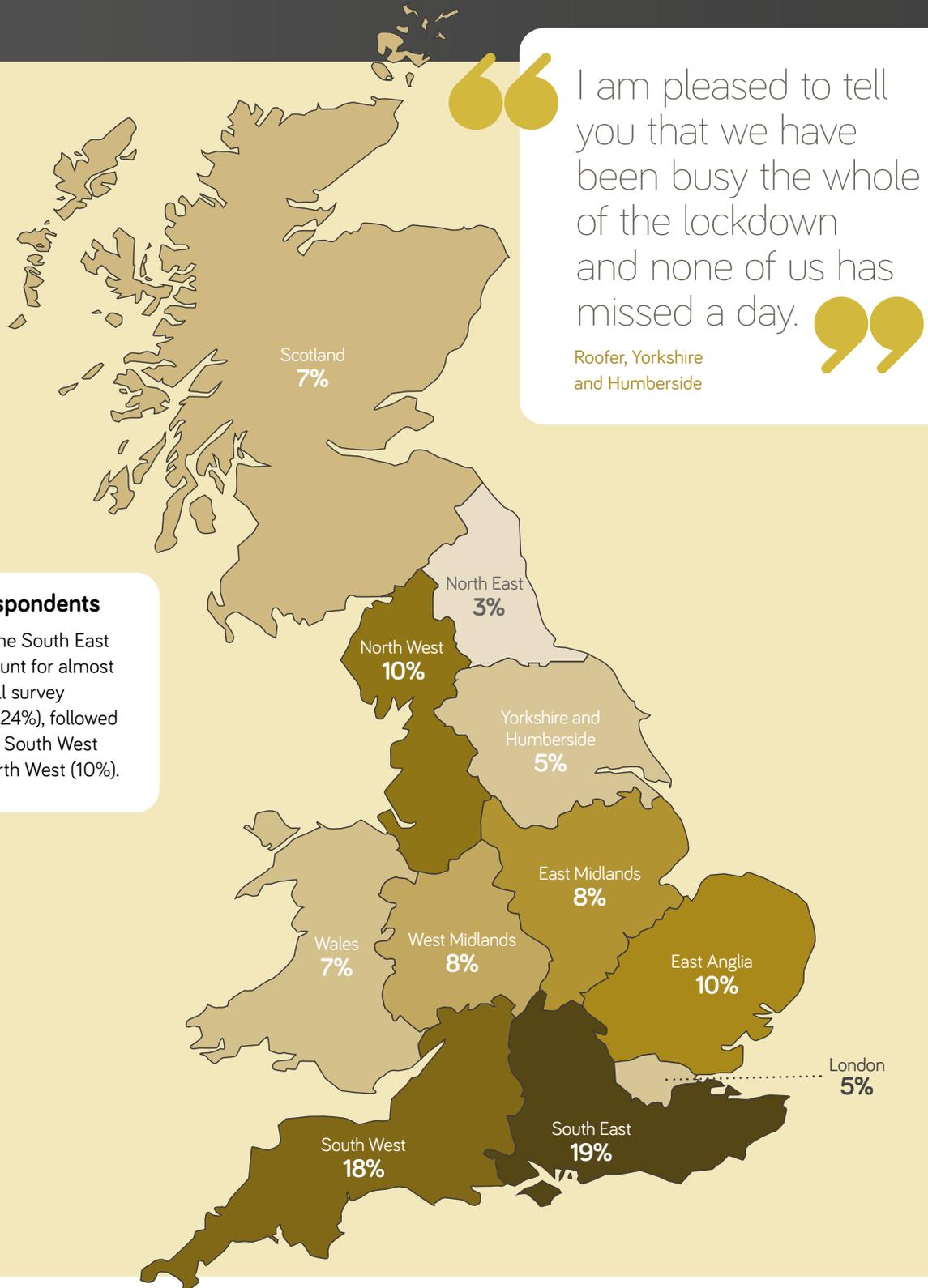


1,300+ Tradespeople

Respondents were drawn from across the market and included:

- General builders 
- Bricklayers 
- Plasterers 
- Roofers 
- Painters 
- Plumbers 

Regional presence



“ I am pleased to tell you that we have been busy the whole of the lockdown and none of us has missed a day. ”

Roofer, Yorkshire and Humberside

Survey Respondents
London and the South East together account for almost a quarter of all survey respondents (24%), followed closely by the South West (18%) and North West (10%).

Summary and key figures



→ The overall findings suggest that the UK's tradespeople are relatively optimistic about the near term outlook.

Despite the challenges facing the wider economy as a result of the ongoing COVID-19 pandemic, the majority of respondents are generally looking towards increased workloads, greater requirements for materials in the next two months and a resurgent repair, maintenance and improvement market.

When questioned around the potential impact of Brexit on their business, just over a third of respondents feel that a 'no deal' Brexit would have no impact on their business. On this basis, and with little guidance on how to prepare, almost all respondents are taking no action to mitigate against this outcome.



Looking ahead to the next two months...



91% expect workloads to either remain the same or grow



72% see repair and maintenance as the key driver of their business



10% expect to buy fewer materials



35% feel that a 'no deal' Brexit will have no impact on their business at all



97% of respondents are not taking any action at all to prepare for a 'no deal' Brexit

I think there is a backlog of jobs that people need doing, things that couldn't be done during the shutdown.

Tiler, North East

Confidence in future workload



→ When asked about expected workload for the next two months, UK tradespeople were confident about future prospects.

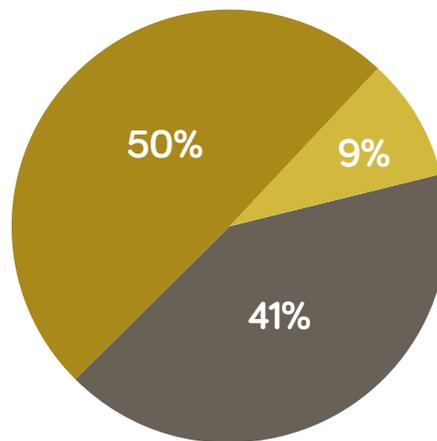
Half of respondents (50%) said that they expect their workload to increase, while a significant minority (41%) estimate it would stay the same. Only 9% said it could decrease.

As a weighted balance, the confidence index score,* stood at 52 overall. While these results are a positive indication of work, it is even more revealing when compared with similar surveys conducted during other significant economic events such as the 2008 financial crisis and following the outcome of the EU referendum in 2016, where weighted balance score was -7 and 45 respectively.

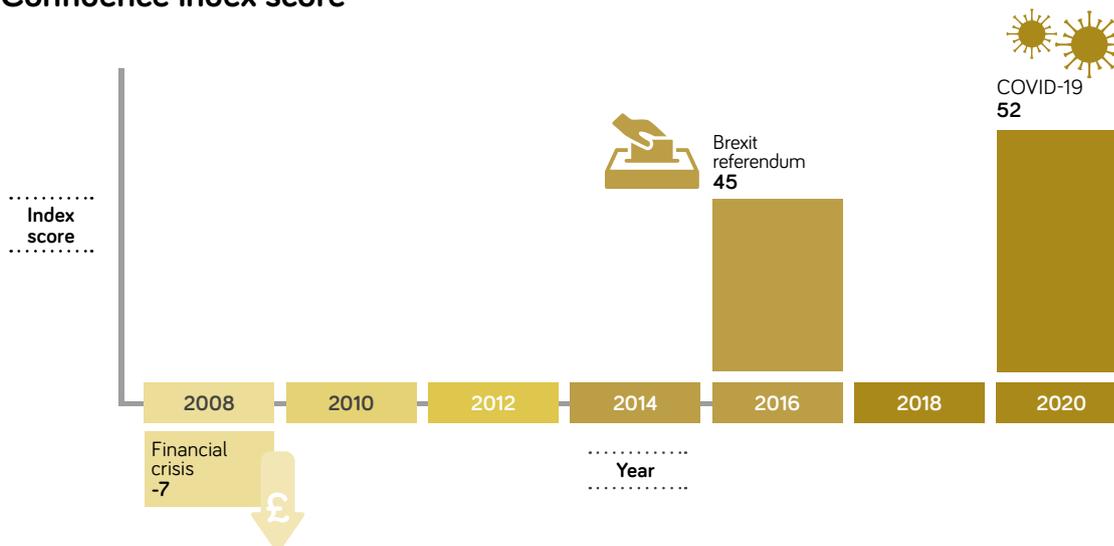
This suggests that, while the fallout from the COVID-19 pandemic is clearly likely to be significant, the UK's tradespeople still expect to see a high degree of work relative to previous macroeconomic shocks.

What do you expect workloads to do over the next two months?

■ Increase ■ Decrease ■ Remain the same



Confidence index score*



* For analytical purposes, responses are weighted to better reflect sentiment - respondents have historically been given the option to indicate "greatly increase" or "increase" as well as "greatly decrease" and "decrease". The percentage of "greatly increase" or "greatly decrease" is worth twice the amount of increase or decrease, and "remain the same" equals zero. This calculation results in the index score.

Markets and materials

→ When asked about where they expect most of their work to come from, a significant majority of respondents identify the domestic repairs and maintenance market. Conversely, few expect to see the new build housing and commercial/industrial markets as key drivers of their businesses' growth in the coming two months at just 16% and 15% respectively. However, owing to the high proportion of respondents working for businesses employing less than three members of staff, the relatively low level of exposure to these markets is unsurprising.

Which industries do you see the majority of your work coming from over the next two months?*

72% Domestic repairs and maintenance

16% New build housing

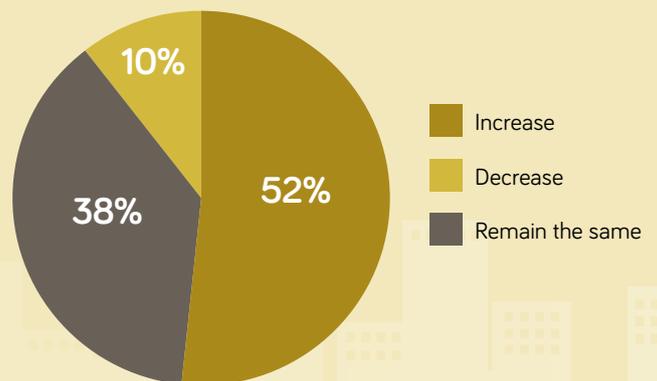
15% Commercial and industrial

15% Public sector

2% Infrastructure

Similar to expected workload, our respondents were confident in their expectations for material purchases over the next two months. Over half (52%) said they expect to either increase or greatly increase the level of materials they will buy while 38% said levels would remain the same. Only 10% expected their materials purchasing to decrease or greatly decrease.

What do you expect to happen to your material purchases over the next two months?



“ I lost a lot of business during lockdown but I am now definitely seeing these jobs coming back. ”

Joiner, London

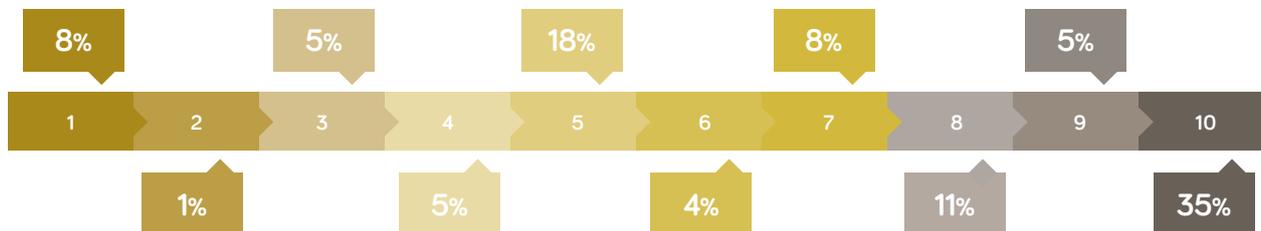
*This question allowed respondents to select multiple answers to reflect the various types of work tradespeople carry out.

What impact will Brexit have on the UK's Tradespeople

With a difficult economic outlook ahead, the prospect of a 'no deal' Brexit looms large over UK businesses exposed to EU markets, our largest trading partner. However, as the vast majority of UK tradespeople have little direct exposure to these markets, over a third of respondents believe there will be no direct impact on their business in the event of a 'no deal' outcome.

While some tradespeople are still clearly concerned about the repercussions of a 'no deal' outcome, very few are taking steps to lessen the impact. In the absence of any clear guidance from the Government at present, this is no great surprise and due consideration should be given to how micro- and small-businesses, who do not have the resources or capacity to plan for multiple outcomes, could be supported by the Government in preparing for this potential event.

On a scale of 1 – 10, where 1 is 'a great deal' and 10 is 'none', how much of an impact do you think a no deal Brexit would have on your business?



Are you currently taking any steps to lessen the impact on your business of a 'no deal' Brexit



Conclusion

→ As the UK's leading supplier of materials and equipment to the building, construction and home improvements market, we undertook the task of producing this report to further highlight the importance of the tradespeople that last year contributed £29bn to our economy.

At a time when we are facing a once in a generation health crisis that has had severe implications for the wider economy, we are heartened to see that so many tradespeople are feeling optimistic about their future work prospects.

We are also delighted to see that our customers recognise the role we are playing to help them through this period: for example, when we surveyed over 5,000 Toolstation customers back in May, over 50% of those who responded said that they believed Toolstation was taking the most positive action versus our competitors.

However, during a period of such wholesale concern around the current state of the economy, the findings of this report need to be placed in context as the harsh reality is that we face a winter of significant uncertainty.

The potential for a full-blown second wave of COVID-19 and subsequent local or even national lockdowns bring with them a host of negative economic implications while the potential for the UK's formal withdrawal from the EU to further weaken consumer confidence and business sentiment remains.

These are indeed unprecedented times, but the UK economy has many underlying strengths and is incredibly resilient. The better we understand this virus and the threats it poses, the more we will be able to respond with appropriate measures to tackle the health and economic implications that have overshadowed 2020.

That is why the timing of this survey is all the more important as it is clear that the UK's tradespeople will undoubtedly play a big part in the economic recovery that lies ahead.

The UK construction sector – the beating heart of our economy – will need to be supported by builders, plumbers, electricians, joiners, roofers and a whole host of other tradespeople if we are to get back on the road to recovery and, for our part, we stand ready, willing and able to support our customers.

Our customer base encompasses a wide range of companies, from large scale contractors, house builders and construction companies to the tradespeople who have taken the time to participate in this survey.

In a lot of respects, these tradespeople are the UK's "hidden army" and we are acutely aware of the hugely important role they have played in supporting their communities through this crisis and have no doubt that they will continue to do so in the weeks and months ahead.

The data from this survey paints a very clear picture of how the UK's tradespeople are feeling at present but we will continue to speak to our customers and listen to what they are saying, so we can better understand how we can work with them to provide them with the materials and services they require.

To that end, we look forward to sharing the results of future surveys with you as we work with all of our customers to help the country build towards a brighter future.

Our businesses

Travis Perkins ^{plc}

Travis Perkins plc is the UK's leading supplier of materials and equipment to the building, construction and home improvement markets. The Group operates 20+ businesses at sites across the UK and employs almost 30,000 people. We're proud to have helped to build Britain for over 200 years.

www.travisperkinsplc.co.uk

Our best known businesses:



One of the UK & Europe's fastest-growing suppliers of tools, accessories and building supplies to trade and DIY customers via a multi-channel offering.

400+ branches



The UK's largest network of builders merchants supplying building materials and tool hire to trade customers.

640+ branches



A one-stop-shop for construction and home improvements supplies and materials for homeowners and the building trade.

240+ stores



A specialist supplier of heavy building materials and drainage solutions with tool hire for trade professionals and contractors in the construction industry.

50+ branches



Provides a range of high quality kitchen ranges, appliances, worktops and joinery to specialist trade customers.

140+ branches



These businesses provide plumbing, heating and electrical supplies for the trade, home improvement and DIY markets.

370+ branches



The country's largest distributor of pipeline and heating solutions, for a wide range of sectors and trades.

60+ branches



Offers a huge range of ceramic wall and floor tiles for kitchens and bathrooms showcased in bright and clutter-free stores.

90+ stores



A nationwide distributor of insulation and interior building products with a comprehensive stock for interior building specialists, contractors and builders.

40+ branches



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