



SNIPEF

Plumbing and heating association

STATE OF TRADE

Q1 2026

Tracking trading conditions across Scotland's plumbing and heating profession



OVERALL ASSESSMENT

Stable



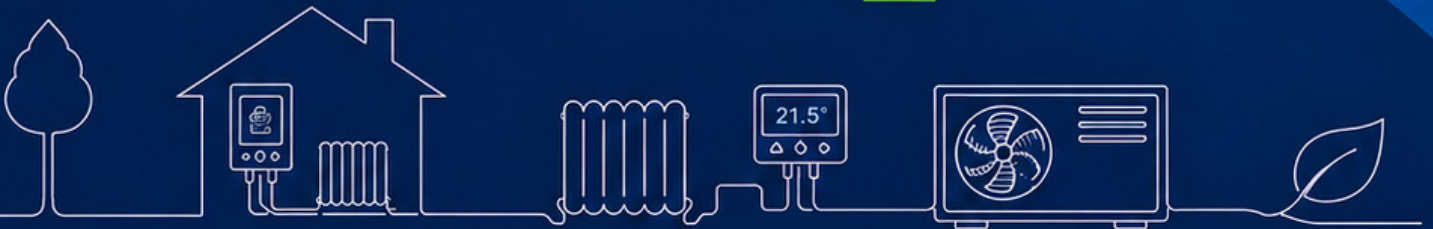
TRADING PERFORMANCE



COSTS & ECONOMY



PEOPLE & WORKFORCE



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STATE OF TRADE BACKGROUND

About SNIPEF

The Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF) is the principal trade association representing plumbing and heating businesses across both nations.

As a UK recognised industry body, SNIPEF champions excellence, professionalism and best practice across the plumbing and heating profession. It provides authoritative leadership on standards, skills and workforce development, ensuring the profession remains competent, trusted and future ready.

SNIPEF supports its members through high quality training, industry advocacy, business promotion and expert guidance, helping firms of all sizes navigate the evolving challenges and opportunities of the built environment, including regulatory change, skills shortages and the transition to a low carbon future.

SNIPEF Training Services

Through SNIPEF Training Services Ltd, the Federation acts as the employer-led managing agent for the profession. This role ensures that apprenticeship and training frameworks are shaped by employers, aligned to real workplace needs and delivered to consistent national standards.

In its role, SNIPEF Training Services provides oversight, quality assurance and a direct link between employers, training providers and government, helping to safeguard skills quality, improve completion rates and support long term workforce sustainability.

Understanding the State of Trade

SNIPEF launched its longitudinal State of Trade research programme in 2024 with the aim of building a robust and independent evidence base on the plumbing and heating profession in Scotland.

The research tracks employer-reported conditions over time, assessing trading performance, forward workloads, payment practices, profit margins, supply chain pressures and workforce capacity from a direct employer perspective.

By capturing consistent, repeat data each quarter, the State of Trade provides insight into short-term movements and longer-term structural trends affecting the profession. This enables SNIPEF to identify emerging risks, distinguish cyclical pressures from systemic issues and develop proportionate, evidence-led responses to support members.

The findings are used to inform SNIPEF's policy positions, skills and workforce planning activity, and engagement with government, regulators and delivery partners. By grounding discussion in real-world employer data, the State of Trade supports better-informed decision-making that strengthens the plumbing and heating profession and contributes to wider economic resilience.

The State of Trade report is a core SNIPEF research publication and forms the foundation of a wider, growing programme of employer-led research across the plumbing and heating profession.

Alongside State of Trade, SNIPEF is developing targeted research on skills, apprenticeships, workforce capacity and business sustainability, using consistent data to build a rounded picture of the profession over time.

As the recognised employer-led body for the profession, SNIPEF is uniquely placed to undertake this work. Its reach across business sizes, regions and specialisms, combined with trusted relationships with employers, training providers and government, enables the collection of robust, representative insight.



STATE OF TRADE EXECUTIVE SUMMARY

Trading performance

Trading activity remained broadly stable in Q1 2026, although the picture is mixed. A combined 32% of firms reported being busier than expected, 39% said trading was as expected and 29% reported quieter conditions. Forward order books are more finely balanced, with 23% above expectations, 39% as expected and 39% lower than expected.

Payment performance remained broadly consistent. 60% of firms reported receiving payments within their usual terms, while a sizeable minority continued to experience delays, most commonly from homeowners, small builders and developers. Non payment issues remained broadly contained, with 46% reporting conditions about the same as usual and 35% reporting fewer issues than usual.

Profit margins weakened during the quarter. Only 17% reported increased margins, while 31% said margins stayed the same and 53% reported a decrease. This suggests that stable trading is not yet translating into stronger financial resilience.

Costs and the economy

Cost pressures remained widespread, with 93% of firms reporting increased material and product costs, including more than half reporting significant increases. Product availability remained broadly manageable, with 90% rating availability as good or average.

Confidence in the plumbing and heating profession has become more cautious. Only 28% of respondents were confident or very confident about the strength of trade over the next year, while 44% were neutral and 27% were pessimistic. Confidence in the wider UK economy remains significantly weaker, with only 7% confident and 76% pessimistic or very pessimistic, continuing previous State of Trade reporting.

Project delays and cancellations remain a challenge. 58% of firms reported minor or significant delays or cancellations over the past year, while 42% reported no change. The Middle East conflict question reinforces this caution, with 86% believing it would affect their business over the next year, either definitely or if it continued for a prolonged period.

People and workforce

Workforce expansion remains subdued. Only 19% of respondents said they were likely or very likely to increase staffing levels in the next six months, while 51% were unlikely or very unlikely. Apprenticeship recruitment remains a significant concern, with only 15% likely or very likely to recruit an apprentice and 75% unlikely or very unlikely.

Skills availability also remains constrained, with 68% reporting low availability of skilled plumbing and heating professionals in their area. Only 17% said they were likely to increase the number of plumbing and heating operatives they employ.

What changed: Q1 2026 versus Q4 2025

Q1 2026 presents a more cautious picture than the previous quarter. Trading activity remains broadly stable, but more firms reported quieter than expected conditions. Forward order books are mixed, profit margins have weakened and workforce expansion remains limited.

What changed: Q1 2026 versus Q1 2025

Compared with a year ago, the profession remains resilient, but not clearly stronger. Trading activity is mixed, forward order books are finely balanced and the main year on year concerns remain cost increases, weak UK economic confidence, limited recruitment intentions and persistent skills shortages. The issue is therefore not a lack of activity, but weaker confidence, tighter margins and constrained capacity.



STATE OF TRADE ASSESSMENT: STABLE, BUT INCREASINGLY CAUTIOUS

How did we arrive at this assessment

This assessment reflects a profession that remains active, but is operating with less confidence, weaker margins and more limited capacity than in previous reports. The evidence does not point to a weak market. Trading activity remains present, payment performance is broadly consistent, product availability is manageable and contractor or supply chain insolvencies continue to have limited reported impact.

However, the balance of evidence has shifted. Previous State of Trade reports showed a profession moving through stable or stable to strong conditions, supported by steady demand and stronger forward sentiment. The Q1 2026 results are more cautious. Trading activity remains broadly stable, but the distribution of responses is more mixed. Forward order books are finely balanced rather than clearly positive, with lower than expected workloads now matching or outweighing stronger pipeline indicators.

This is important because stability in activity is not the same as strength in business confidence. Firms may still be busy, but weaker forward workloads, falling margins and subdued sentiment suggest that many are less confident about future growth. Profitability is the clearest pressure point, with 53% of respondents reporting decreased margins. This indicates that businesses are still facing difficulty converting activity into financial resilience.

The wider operating environment reinforces this judgement. Material and product cost pressures remain widespread, while confidence in the UK economy is markedly weak. Confidence in the plumbing and heating profession itself has also become more cautious, suggesting that businesses are not simply responding to external economic conditions, but are also reassessing their own trading outlook.

Workforce indicators further support the cautious element of the assessment. Hiring intentions remain limited, apprenticeship recruitment is weak and skills availability has not materially improved. This restricts the profession's ability to respond to future demand, even where work is available.

The Middle East conflict question adds a further note of uncertainty. It should not be treated as evidence of current direct disruption, but it does show that businesses are alert to additional external risks.

The overall position is therefore Stable rather than Weak. Demand has not disappeared, businesses continue to trade and key operational indicators remain manageable. However, compared with earlier State of Trade findings, the profession is now operating with tighter margins, weaker confidence, more cautious forward workloads and constrained workforce capacity. This justifies the assessment of Stable, but increasingly cautious.

Richard Campbell

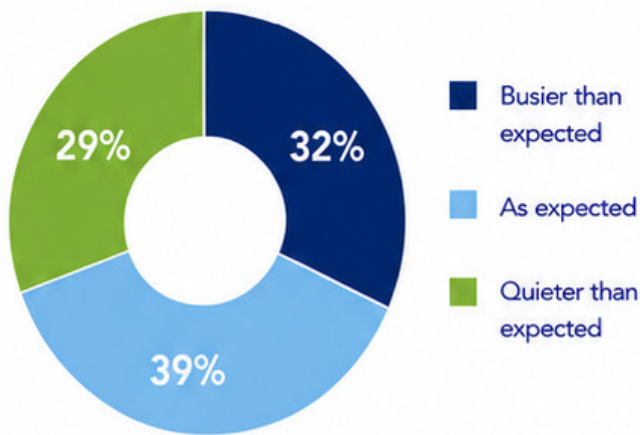
June 2026



TRADING PERFORMANCE

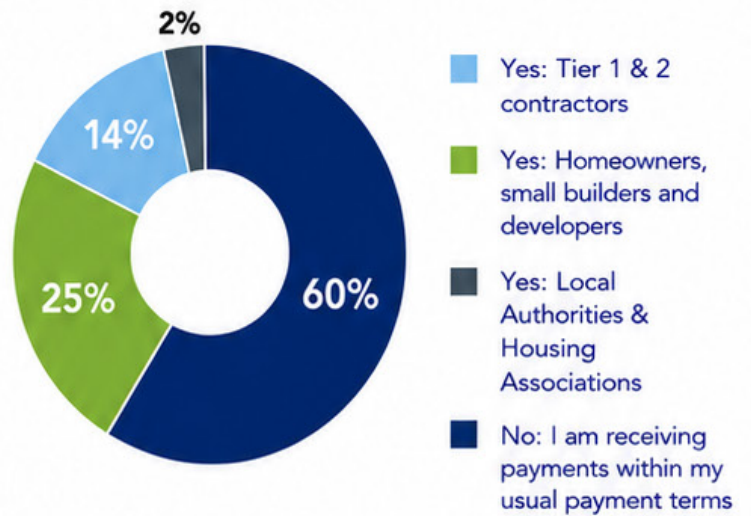


1 Compared with expectations, how has your overall level of business activity been over the last quarter?



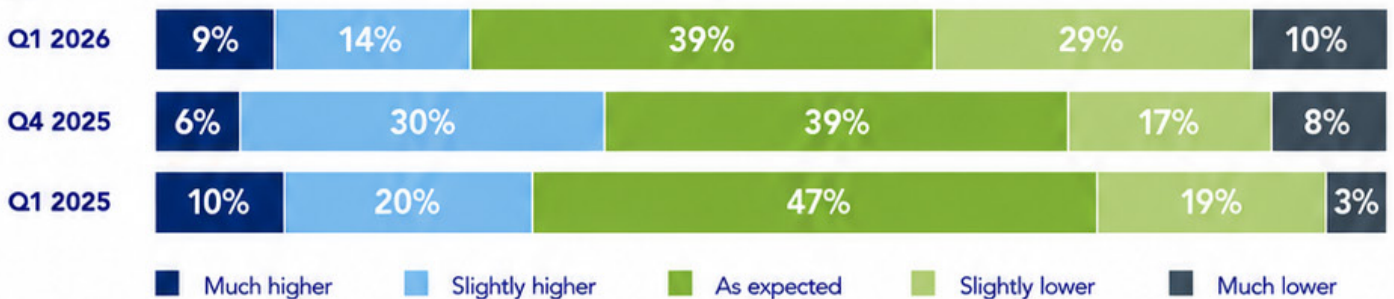
32% of firms reported trading above expectations in Q1 2026.

2 Have you experienced any payment delays beyond your typical payment terms (usually 30 days) with any of the following customers?



Around 40% of firms experienced payment delays, most commonly from homeowners, small builders and developers, while 60% are receiving payments within usual payment terms.

3 Are your order books for the next six months higher or lower than you expected?



In Q1 2026, 39% of firms reported order books as expected, 23% higher than expected and 39% lower than expected.



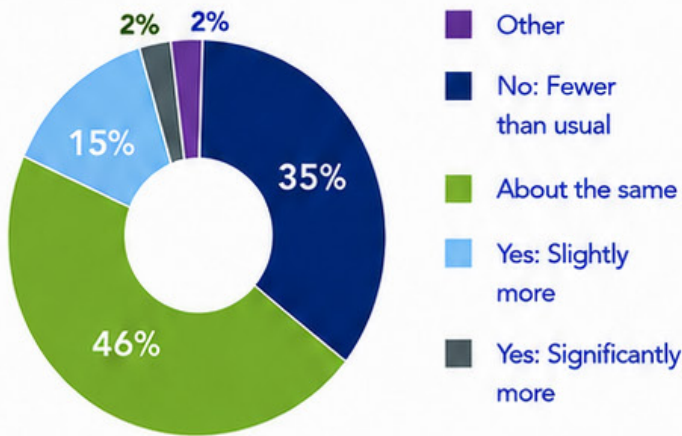
Figures may not always add up to 100% due to rounding.



TRADING PERFORMANCE

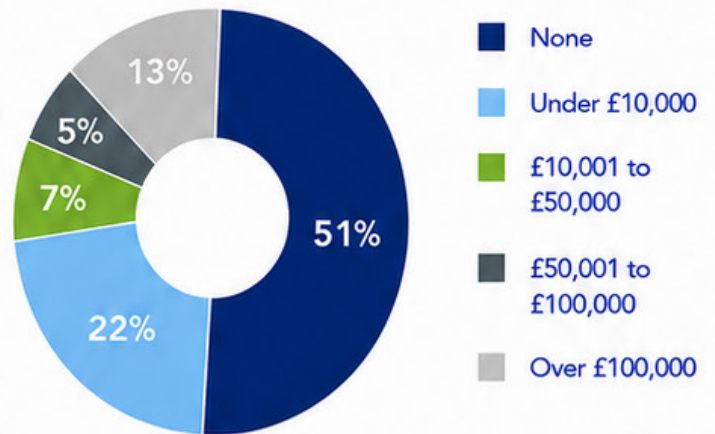


4 Have you experienced issues with non-payment for work that your business has undertaken in the last six months?



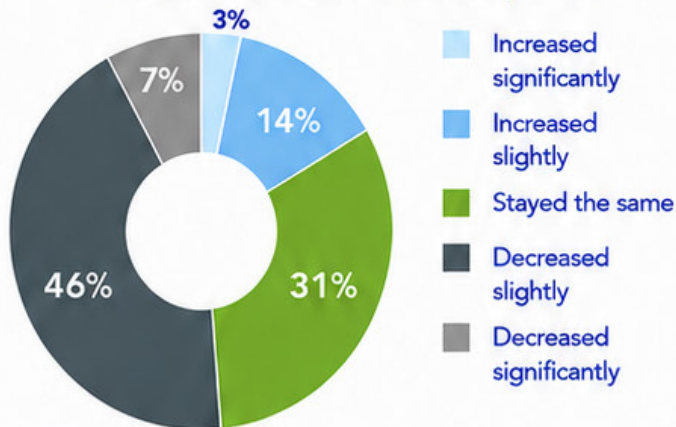
17% of firms experienced more non-payment issues, while 35% reported fewer than usual and 46% said conditions were about the same.

5 How much money does your company currently have held in retentions?



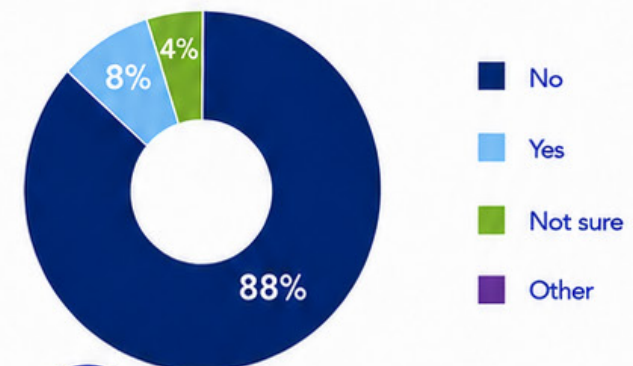
51% of businesses have no retentions, while 13% report over £100,000 held in retention.

6 Have you seen your profit margins increase or decrease in the last quarter?



53% reported profit margins decreased, highlighting ongoing cost pressures across the sector.

7 Have any contractor or supply chain insolvencies affected your business in the past six months?



Only 8% of firms report contractor or supply chain insolvencies affecting their business.



TRADING PERFORMANCE

These first seven questions provide insight into trading activity, workloads, payment practices and profitability.

Quarter on quarter analysis: Q1 2026 versus Q4 2025

The Q1 2026 trading picture is stable, but clearly more cautious than the previous quarter. Demand has not fallen away, but the balance has shifted. Fewer firms reported being busier than expected, while the proportion reporting quieter conditions increased. This suggests that the market remains active, but that trading confidence is less evenly distributed across the profession.

The clearest change is in forward order books. In Q4, more firms reported workloads above expectations than below expectations. In Q1, that position reversed, with lower than expected workloads now outweighing higher than expected workloads. This does not point to a weak market, but it does indicate a less assured pipeline and reduced confidence in short term demand.

Payment conditions remain broadly stable, which is a positive signal. Most firms continue to receive payments within their usual terms and non payment issues are contained for the majority. However, around 40% still report payment delays, most commonly linked to homeowners, small builders and developers. This means cashflow risk remains a practical concern, even where trading activity is continuing.

Retentions also remain a pressure for a significant minority of firms. While 51% reported no money held in retentions, 25% reported sums of more than £10,000, including 13% with over £100,000 held. This reinforces the importance of cashflow resilience, particularly for firms operating on tighter margins.

Profitability is the most concerning trading indicator. More than half of respondents reported falling margins, while only 17% reported an increase. This suggests that firms are not consistently able to recover higher costs through pricing, even where demand remains present. The result is a profession that is still trading, but with weaker financial headroom.

Contractor and supply chain insolvencies remain a relatively low level risk, with most firms reporting no impact. This helps support the overall Stable assessment, but it does not offset the pressure from margins, retentions and softer forward workloads.

Year on year analysis: Q1 2026 versus Q1 2025

Compared with a year ago, the trading picture is not materially stronger. Current activity is broadly similar, but the composition is weaker. A similar proportion of firms reported being busier than expected, but more businesses also reported quieter than expected conditions.

Forward order books show a clearer deterioration. Fewer firms now report workloads above expectations, while substantially more report lower than expected workloads. This suggests that the market is more uncertain than it was a year ago and that firms have less visibility over future work.

Payment performance remains broadly similar, with most firms still operating within usual payment terms, although delays continue to affect a sizeable minority. Non payment issues remain contained for most firms, which provides some stability within the wider trading picture.

Profit margins have weakened year on year. The increase in firms reporting reduced margins shows that cost and pricing pressures have become more difficult to absorb. This is significant because it means business resilience is weakening even where workloads remain present.

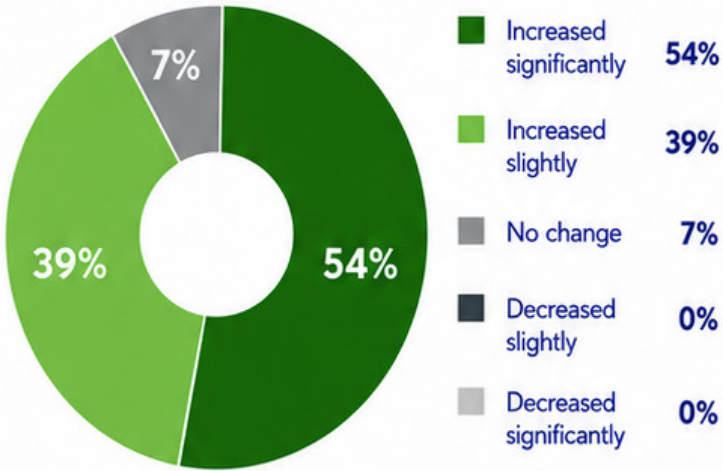
Overall, Q1 2026 shows a profession that remains active, but under greater commercial pressure. Demand is still present, payment performance is broadly stable and insolvency exposure remains limited. However, weaker forward workloads and reduced margins suggest that firms are entering the next quarter with less confidence and less financial flexibility than a year ago.



COSTS AND THE ECONOMY

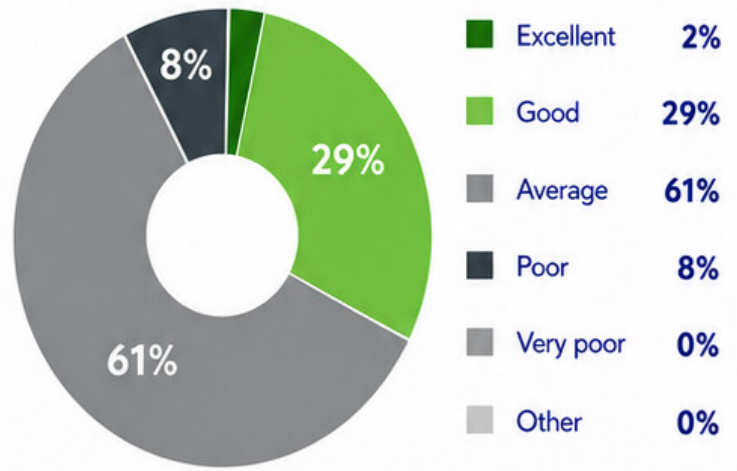


8 Have your material / product costs increased or decreased in the last quarter?



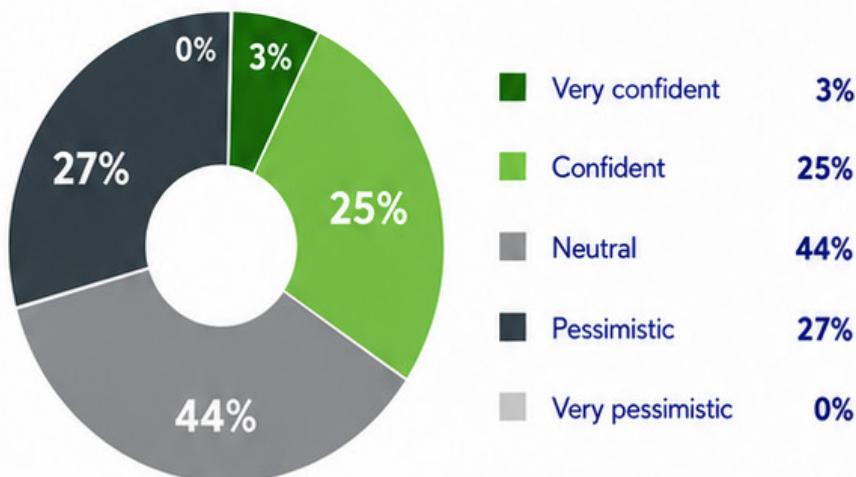
93% of firms reported an increase in material / product costs, with more than half reporting significant rises.

9 How would you rate the availability of products in the last quarter?



Product availability remained broadly manageable, with **90%** rating availability as good or average.

10 How confident are you about the strength of trade in the plumbing and heating profession over the next year?



28% of firms are confident about the strength of trade in the profession, while **27%** are pessimistic or very pessimistic.

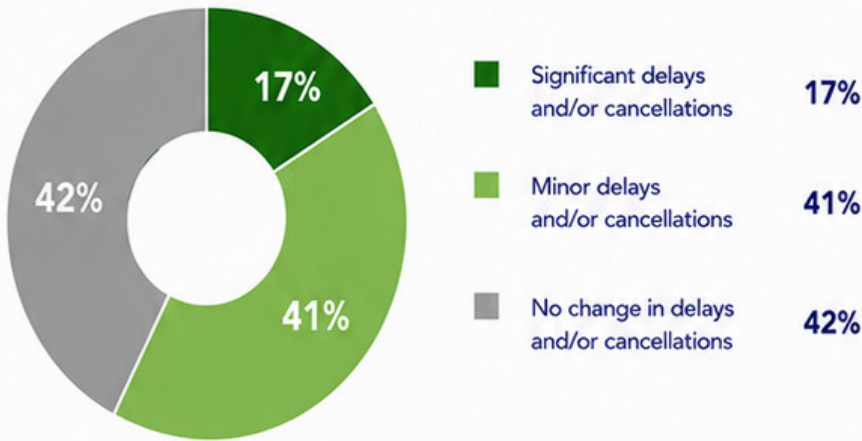
Confidence remains positive overall, but signs of caution are emerging.



COSTS AND THE ECONOMY



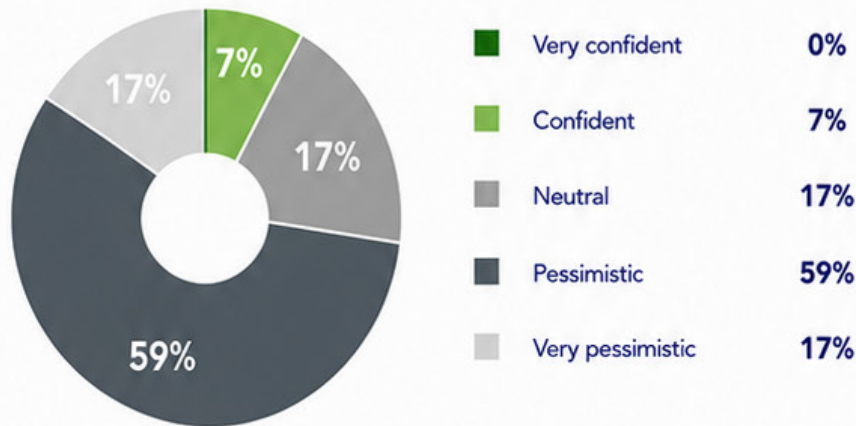
11 Have you experienced any delays or cancellations over the last year?



58% of firms have experienced delays or cancellations over the last year, while **42%** have seen no change.

Delays remain a challenge for many businesses.

12 How confident are you about the economic outlook for the UK over the next year?

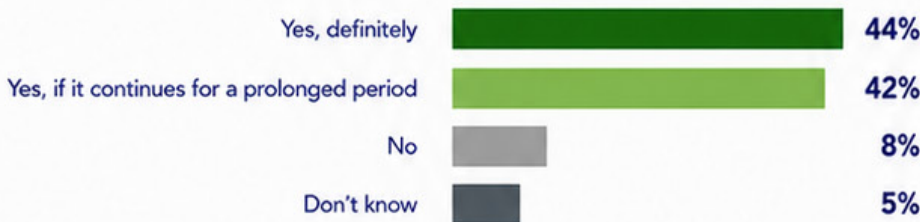


7% of firms are confident about the UK economy, while **76%** are pessimistic or very pessimistic.

Economic confidence remains subdued.

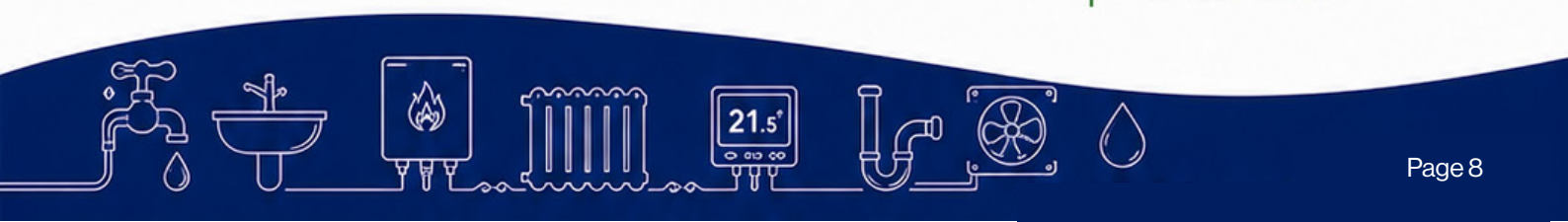
SPECIAL QUESTION

Do you believe the war in the Middle East will have a direct impact on your business?



86% of firms believe the war in the Middle East could directly impact their business, either now or if it continues.

Uncertainty remains high among businesses.



COSTS AND THE ECONOMY

These six questions explore cost pressures, product availability, confidence in the profession, project delays and cancellations, confidence in the wider UK economy and the potential business impact of the Middle East conflict.

Quarter on quarter analysis: Q4 2025 versus Q1 2026

The costs and economy results show a profession operating in a stable but increasingly constrained environment. Cost pressure remains the dominant issue. With 93% of firms reporting increased material and product costs, and more than half reporting significant increases, input inflation continues to place direct pressure on pricing, margins and cashflow.

Product availability is not the main concern. A combined 90% of respondents rated availability as good or average, suggesting that firms can generally access the products they need. The challenge is therefore less about supply disruption and more about the cost of maintaining normal operations.

This distinction is important. The profession is not being held back primarily by a lack of products, but by the financial pressure attached to securing them. This helps explain why trading activity can remain broadly stable while margins and confidence weaken.

Confidence in the plumbing and heating profession has softened. Only 28% of respondents were confident or very confident about the strength of trade over the next year, while 44% were neutral. This suggests that many businesses are not negative about the profession, but are unwilling to express confidence while costs, workloads and wider economic conditions remain uncertain.

Project delays and cancellations reinforce this cautious position. A majority of firms reported some level of delay or cancellation over the past year. This does not suggest widespread disruption, but it does show that uncertainty remains part of the operating environment and may be affecting business planning.

The sharpest concern is confidence in the wider UK economy. Only 7% of respondents were confident, while 76% were pessimistic or very pessimistic. This points to a clear separation between confidence in the trade itself and confidence in the wider economic environment.

The Middle East conflict question adds a further layer of uncertainty. A combined 86% of respondents believed the conflict would affect their business over the next year, either definitely or if it continued for a prolonged period. This should be treated as a risk indicator rather than evidence of current direct disruption.

Year on year analysis: Q1 2026 versus Q1 2025

Year on year, the main message is that cost pressure has become more embedded. In Q1 2025, 90% of firms reported product price increases. In Q1 2026, 93% reported increased material and product costs, with a higher proportion reporting significant increases. This suggests that cost pressure is not easing and remains a central constraint on business resilience.

Product availability has remained broadly stable, with 90% rating availability as good or average in Q1 2026. This is broadly in line with Q1 2025 and confirms that supply conditions remain manageable.

The larger shift is in confidence. Confidence in the profession has weakened from 44% confident or very confident in Q1 2025 to 28% in Q1 2026. Confidence in the UK economy has deteriorated more sharply, with pessimistic or very pessimistic responses rising from 47% to 76%.

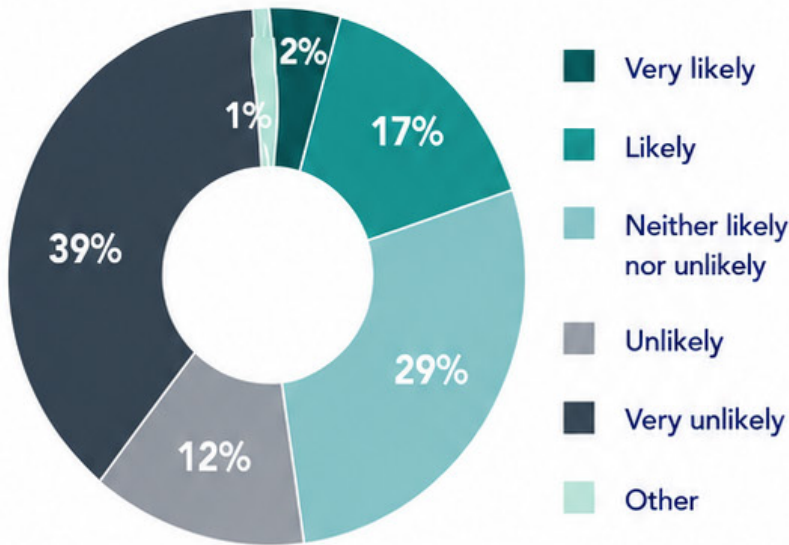
Overall, the year on year position is one of continued operational resilience but weaker sentiment. Businesses can still access products and continue to trade, but rising costs, project delays, weaker economic confidence and geopolitical uncertainty are limiting confidence and future investment.



PEOPLE AND WORKFORCE



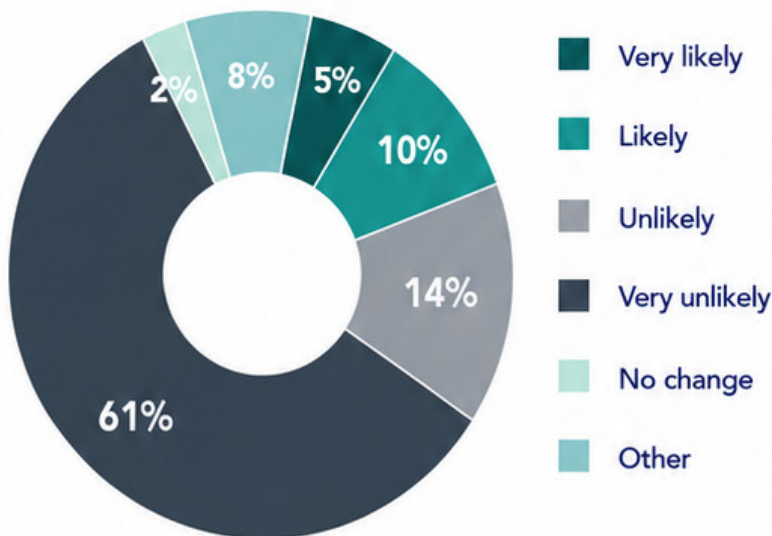
13 How likely is your business to increase its number of employees in the next six months?



19%

of businesses are likely to increase staffing levels in the next six months.

14 How likely is your business to recruit a plumbing and heating apprentice in the next six months?



15%

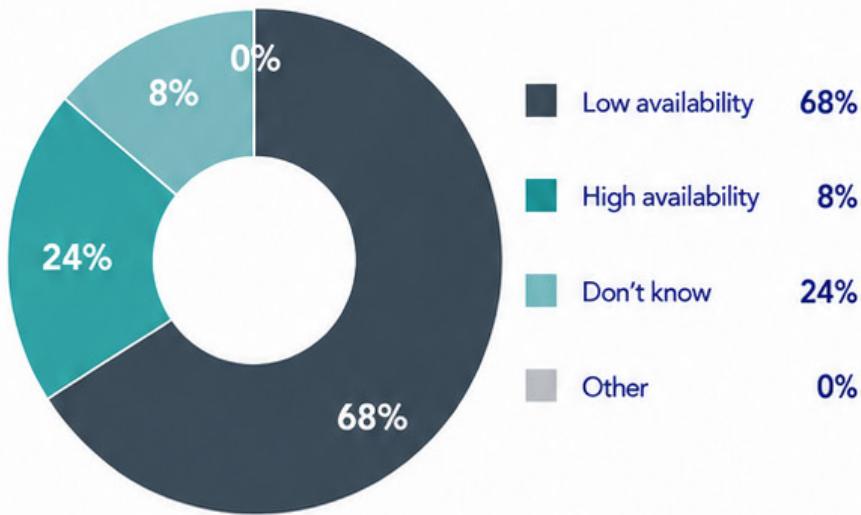
Only 15% of businesses are likely to recruit a plumbing and heating apprentice in the next six months.



PEOPLE AND WORKFORCE



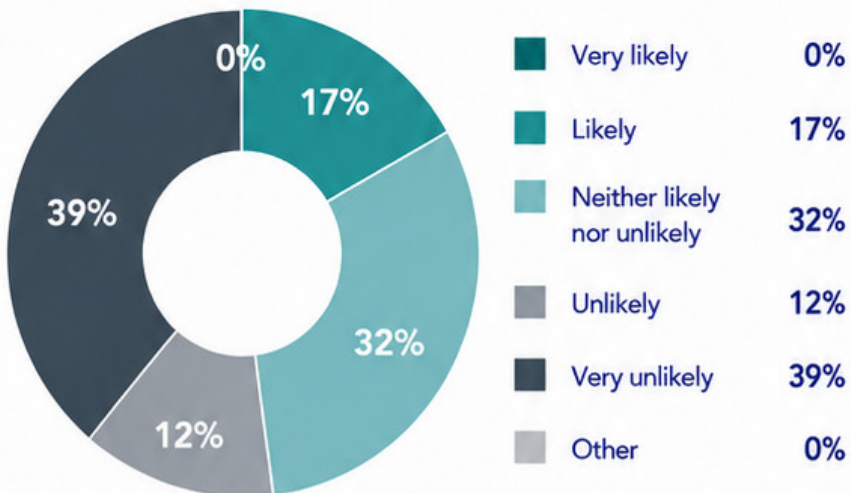
15 How would you rate the availability of qualified plumbing and heating professionals in your area?



68%

of businesses report low availability of skilled plumbing and heating professionals in their area.

16 How likely is your business to increase the number of plumbing and heating operatives (qualified tradespeople) in the next six months?



17%

of businesses are likely to increase the number of plumbing and heating operatives in the next six months.



PEOPLE AND WORKFORCE

These four questions explore workforce growth intentions, apprenticeship recruitment, skills availability and the future capacity of the plumbing and heating profession.

Quarter on quarter analysis: Q4 2025 versus Q1 2026

The workforce results show a profession that is managing demand cautiously rather than preparing for expansion. While trading activity remains present, businesses are not showing the confidence needed to increase headcount at scale. The share of firms likely or very likely to increase staffing fell from 26% in Q4 to 19% in Q1, while 51% said they were unlikely or very unlikely to do so.

This matters because workforce intentions are a useful signal of business confidence. Firms usually increase staffing when they have a clear pipeline, sufficient margin and confidence in future demand. The Q1 results suggest those conditions are not yet strong enough. Businesses appear to be absorbing work through existing teams rather than committing to additional employment costs.

Apprenticeship recruitment remains one of the clearest long term concerns. Only 15% of respondents said they were likely or very likely to recruit a plumbing and heating apprentice in the next six months, while 75% were unlikely or very unlikely. This points to a weak training pipeline at a time when the profession already faces persistent skills shortages.

The skills availability figures reinforce this risk. More than two thirds of respondents, 68%, reported low availability of skilled plumbing and heating professionals in their area. Only 8% reported high availability, while 24% said they did not know. This suggests that even where firms want to grow, the labour market may not be able to support that growth.

Intentions to increase plumbing and heating operatives are also limited. Only 17% of respondents said they were likely or very likely to increase the number of plumbing and heating professionals they employ, while 51% were unlikely or very unlikely and 32% were neither likely nor unlikely. This indicates that skilled workforce capacity is unlikely to increase significantly in the short term.

Overall, the quarter on quarter picture is one of workforce restraint. The profession is not in immediate contraction, but it is also not building the additional capacity needed to support stronger future growth.

Year on year analysis: Q1 2026 versus Q1 2025

Compared with a year ago, workforce confidence has weakened. In Q1 2025, 28% of firms were very likely or somewhat likely to increase staffing. In Q1 2026, this has fallen to 19%. This suggests that employers have become more cautious about expanding their teams, despite continued trading activity.

Apprenticeship intentions have also weakened. In Q1 2025, 22% of respondents said they were very likely or somewhat likely to recruit an apprentice. In Q1 2026, the equivalent figure is 15%. This indicates that apprenticeship recruitment has not recovered and remains a structural concern for the future skills pipeline.

The availability of skilled professionals has not materially improved. Low availability stood at 69% in Q1 2025 and remains very similar in Q1 2026, at 68%. This shows that the labour supply challenge remains persistent rather than temporary.

A direct year on year comparison is not available for the operative specific question, as this was introduced after Q1 2025. However, the Q1 2026 result confirms that skilled workforce expansion remains limited, with only 17% likely or very likely to increase the number of plumbing and heating professionals they employ.

Overall, the year on year message is that workforce capacity remains one of the main constraints on future growth. Employers are cautious about hiring, apprenticeship recruitment remains weak and skills availability continues to limit the profession's ability to respond to future demand.



RESEARCH RESPONDENTS

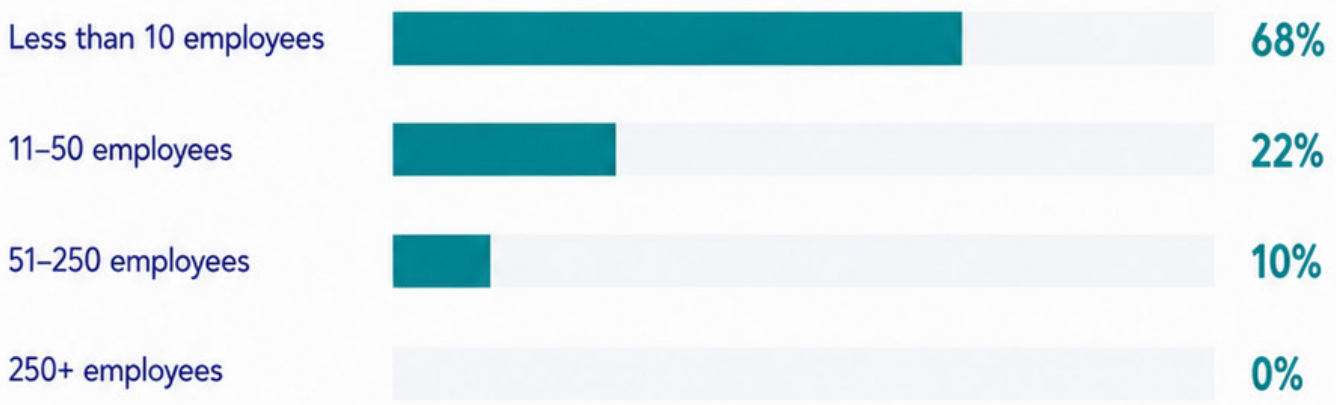


17 What best describes your plumbing and heating business?



Base: All respondents (n = 201)

18 What is the size of your company?



Base: All respondents (n = 201)



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