SNIPEF
Plumbing and heating association

# STATE OF TRADE

## Q2 2026

Tracking trading conditions across Scotland's plumbing and heating profession


**OVERALL ASSESSMENT**
**Stable**

TRADING PERFORMANCE

COSTS & ECONOMY

PEOPLE & WORKFORCE

# STATE OF TRADE
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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

Q2 2026 shows a profession that remains active, but under increasing pressure. Some 29% of firms traded above expectations, while 38% reported quieter conditions. Forward order books weakened further, with only 19% above expectations compared with 44% below. Payment performance remains relatively stable, with 63% receiving payment within usual terms and 90% reporting the same or fewer non payment issues. However, retentions continue to constrain cashflow, with 35% reporting more than £10,000 held and 15% more than £100,000. Profitability remains the principal concern, with 54% reporting reduced margins. Insolvency exposure remains limited, with 87% reporting no impact.

## Costs and the economy

Cost pressure remains widespread, with 96% reporting increased material and product costs, including 42% reporting significant increases. Product availability is considerably less problematic, with 96% rating availability as good or average. Confidence in the plumbing and heating profession improved, with 39% confident or very confident, although 35% remain pessimistic. Project delays continue to affect around 60% of firms, although significant disruption remains limited. Confidence in the UK economy remains weak, with 54% pessimistic or very pessimistic, but this represents a notable improvement from Q1.

## People and workforce

Workforce indicators continue to constrain growth. Only 19% of firms are likely to increase overall employee numbers, while 52% are unlikely to do so. Apprentice recruitment intentions weakened further, with only 14% likely to recruit and 80% unlikely. Skills availability remains a significant structural challenge, with 65% reporting low availability of skilled plumbing and heating professionals. There is some improvement in intentions to expand the skilled workforce, with 25% expecting to increase plumbing and heating professionals, although 52% remain unlikely to do so.

## What changed: Q2 2026 versus Q1 2026

Trading conditions softened further. Quieter than expected activity increased from 29% to 38%, while forward order books below expectations rose from 39% to 44%. Payment performance remained broadly stable, but retentions became more burdensome and declining margins remained widespread at 54%. Confidence in the profession improved from 28% to 39%, while pessimism about the UK economy fell substantially from 76% to 54%. Workforce growth intentions remained subdued, although intentions to increase skilled plumbing and heating professionals improved from 17% to 25%.

## What changed: Q2 2026 versus Q2 2025

Compared with a year ago, trading is more uneven and future workloads are weaker. Lower than expected order books increased from around 36% to 44%, while fewer firms reported workloads as expected. Payment performance remains broadly unchanged and insolvency exposure has improved slightly. Cost pressure remains entrenched, while product availability has improved substantially. Profit margins remain under pressure and apprenticeship recruitment has weakened considerably. Overall, Q2 2026 shows a profession that is still trading and resilient, but with weaker forward confidence, tighter financial headroom and continuing workforce constraints.

# STATE OF TRADE ASSESSMENT:
## STABLE, BUT UNDER INCREASING PRESSURE

### How did we arrive at this assessment

The Q2 2026 results show a profession that remains active, but where the balance of evidence has weakened further. Trading conditions have not deteriorated sufficiently to justify a Weak assessment, but pressure is becoming more evident across workloads, profitability and workforce indicators.

Current trading activity remains an important source of resilience. Some 29% of firms reported being busier than expected and 33% traded as expected. However, 38% experienced quieter conditions, meaning weaker activity now outweighs stronger activity. This represents a further softening from Q1 and suggests that demand is becoming less evenly distributed across the profession.

Forward workloads provide the clearest warning signal. Only 19% reported order books above expectations, compared with 44% below expectations. While 37% remain as expected, the balance has shifted increasingly towards weaker pipelines. This does not indicate a collapse in demand, but it does suggest reduced visibility and confidence over future work.

Financial pressures reinforce this more cautious picture. Some 54% of businesses reported declining profit margins, while 96% experienced increased material and product costs. Retentions are also tying up significant working capital, with 35% reporting more than £10,000 held and 15% more than £100,000. These indicators suggest businesses are finding it increasingly difficult to convert continuing activity into financial resilience.

There are, however, important stabilising factors. Payment performance remains broadly manageable, with 63% receiving payments within their usual terms and 90% reporting the same or fewer non payment issues than usual. Product availability is strong, with 96% rating it as good or average, while 87% reported no impact from contractor or supply chain insolvencies. These factors support a Stable rather than Weak assessment.

Confidence presents a mixed picture. Some 39% remain confident about the strength of the profession, compared with 35% who are pessimistic. Confidence in the wider UK economy remains substantially weaker, with 54% pessimistic or very pessimistic. This suggests that firms retain greater confidence in their own profession than in the wider environment in which they operate.

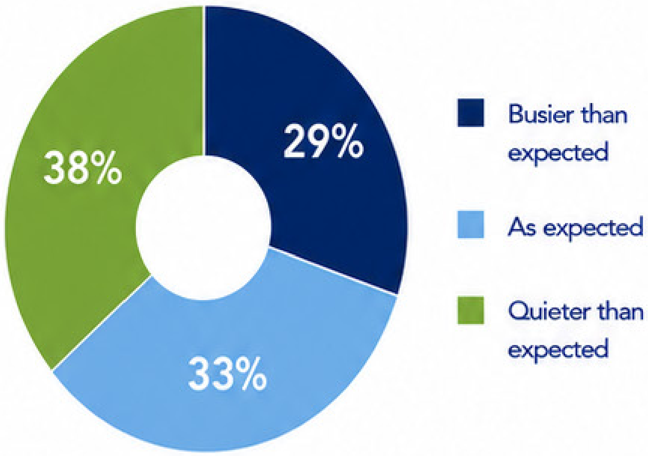
Workforce capacity remains a structural concern. Only 19% expect to increase overall staffing, 14% are likely to recruit an apprentice and 65% report low availability of skilled plumbing and heating professionals. While 25% intend to increase their skilled plumbing and heating workforce, the overall picture remains one of constrained recruitment and limited capacity for growth.

The overall position is therefore Stable, but under increasing pressure. Demand remains present, payment and supply conditions are manageable and insolvency exposure is limited. However, weaker forward workloads, declining margins, persistent cost pressures and constrained workforce capacity mean the profession has less financial and operational headroom than previously. Q2 remains within the Stable range, but the evidence is moving closer to the boundary with Weak and should be monitored carefully in Q3.

**Richard Campbell**
August 2026

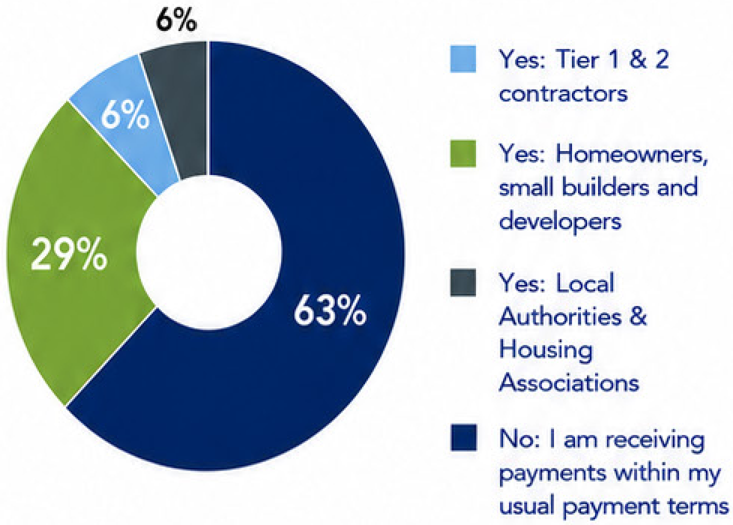
# TRADING PERFORMANCE

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



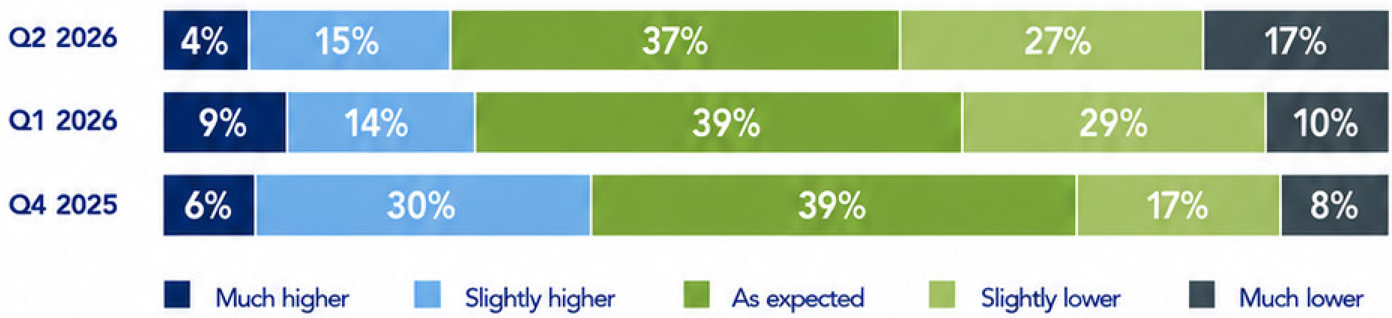

**29%** of firms reported trading above expectations in Q2 2026.

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




Around **35%** of firms experienced payment delays, most commonly from homeowners, small builders and developers, while **63%** are receiving payments within usual payment terms.

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

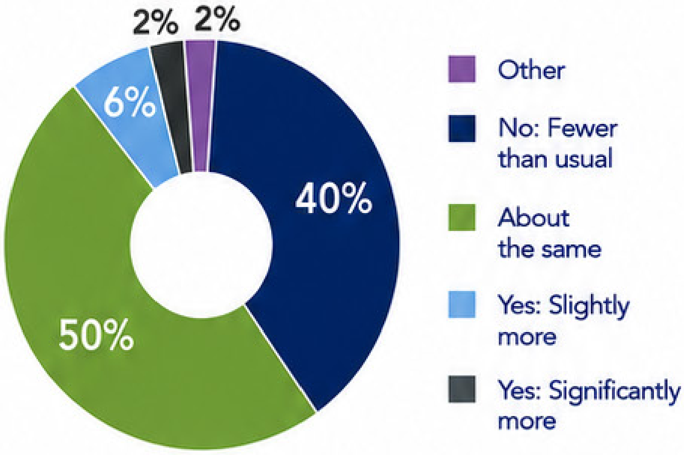



In Q2 2026, **37%** of firms reported order books as expected, **19%** higher than expected and **44%** lower than expected.

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

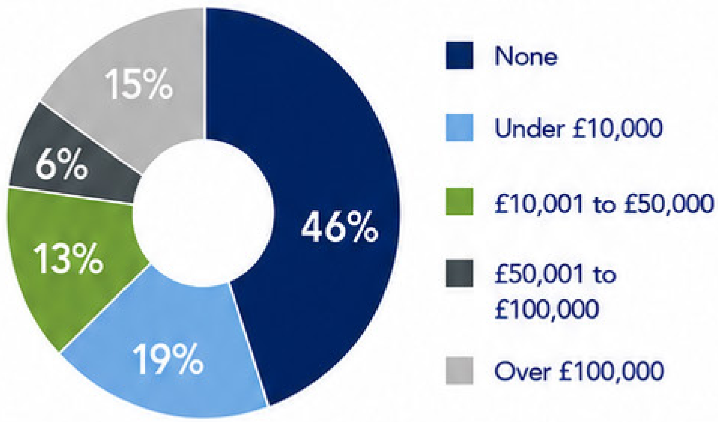
# TRADING PERFORMANCE

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



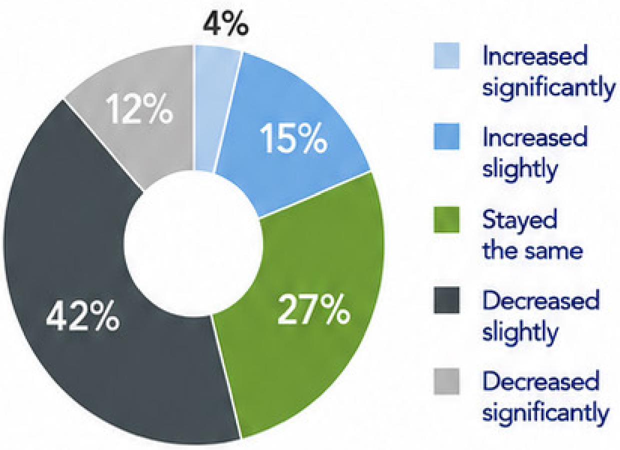

**8%** of firms experienced more non-payment issues, while **40%** reported fewer than usual and **50%** said conditions were about the same.

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



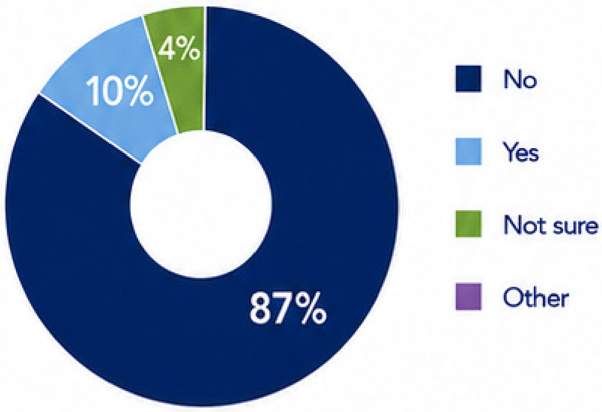

**46%** of businesses have no retentions, while **15%** report over £100,000 held in retention.

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




**54%** 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 **10%** 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: Q2 versus Q1 2026

The Q2 2026 trading picture has softened further, although activity remains present across the profession. Firms reporting busier than expected trading fell from 32% in Q1 to 29%, while quieter conditions increased from 29% to 38%. Those trading as expected also fell from 39% to 33%, indicating a less consistent market.

Forward order books reinforce this more cautious picture. In Q1, 23% reported workloads above expectations and 39% below. In Q2, only 19% reported higher order books, while 44% reported lower workloads. This suggests reduced confidence in short term demand.

Payment conditions remain comparatively stable. Some 63% of firms are receiving payments within their usual terms, compared with 60% in Q1. About 35% experienced delays, most commonly from homeowners, small builders and developers. Non payment issues are also contained, with 90% reporting either the same or fewer issues than usual.

Retentions have become more burdensome. The proportion with no money held fell from 51% to 46%, while 35% now report more than £10,000 held, compared with 25% in Q1. This includes 15% with more than £100,000 retained, increasing pressure on cashflow.

Profitability remains the main financial concern. Some 54% reported falling margins, broadly unchanged from 53% in Q1, while only 19% reported an increase. Contractor and supply chain insolvencies remain relatively limited, with 10% affected and 87% reporting no impact.

Taken together, the Q2 results suggest a profession that remains active but is operating with less commercial headroom. Pressure is concentrated in weaker forward workloads, falling margins and higher retentions rather than payment failure or insolvency. The key question for Q3 is whether forward workloads recover, supporting the emerging cyclical pattern, or continue to weaken and point to a more sustained decline in demand.

## Year on year analysis: Q2 2026 versus Q2 2025

Compared with a year ago, trading conditions are more uneven. The proportion reporting busier than expected activity has increased to 29%, but quieter trading has also risen to 38%. Meanwhile, the share trading as expected has fallen to 33%, suggesting greater variation in performance.

Forward order books show clearer deterioration. About 19% report workloads above expectations, broadly similar to Q2 2025, but lower than expected workloads have increased from around 36% to 44%. The proportion reporting order books as expected has fallen from around 46% to 37%, pointing to reduced visibility over future work.

Payment performance remains broadly unchanged. About 63% are receiving payments within usual terms, similar to a year ago. Non payment issues have also remained contained, suggesting that payment practices are not the principal cause of weaker trading conditions.

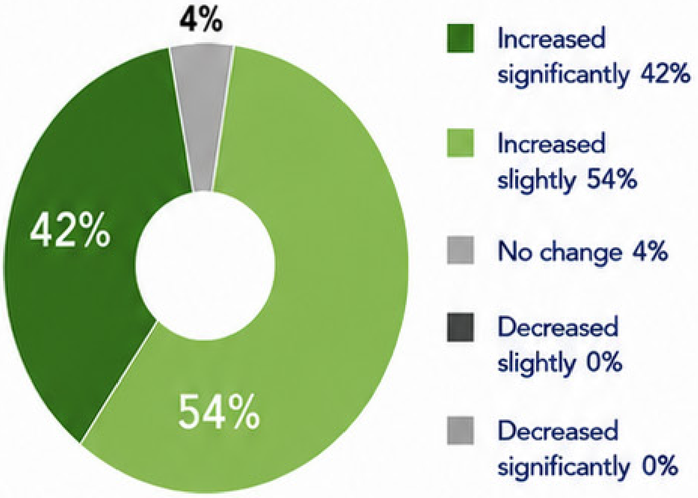
Retentions have become more concentrated at higher values. The proportion with more than £10,000 held has increased from 31% to 35%, while those with more than £100,000 held have risen from 10% to 15%.

Profit margins remain under pressure, with 54% reporting a decline compared with about half a year ago. Insolvency exposure has improved slightly, with those affected falling from around 14% to 10%. Overall, Q2 2026 shows continued activity, but weaker forward workloads, retentions and profitability indicate reduced financial resilience.

Taken together, the year on year comparison suggests that trading remains resilient, but the profession is operating in a less supportive environment than a year ago. Demand is more uneven, margins are under greater pressure and cost increases remain widespread, while payment performance and insolvency exposure remain comparatively stable. The overall picture is therefore one of continued activity, but with reduced financial resilience and greater caution around future growth.

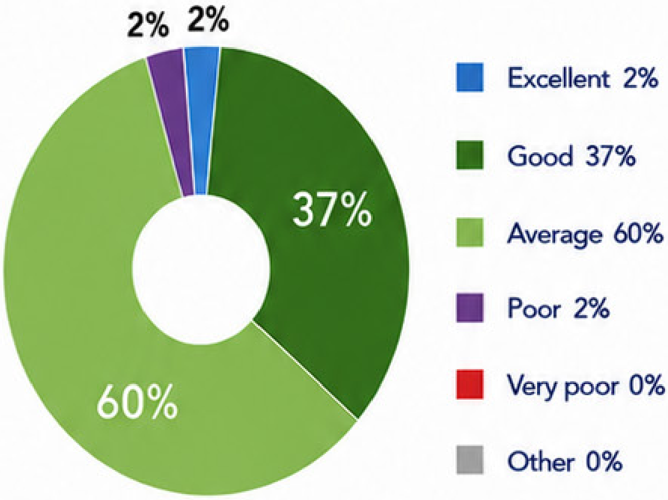
# COSTS AND THE ECONOMY

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



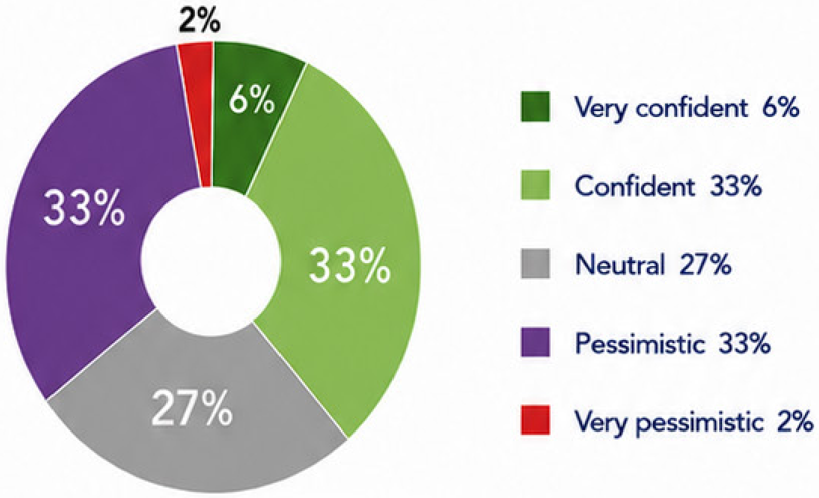

**96%** of firms reported an increase in material / product costs, with **42%** reporting significant rises.

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




Product availability remained broadly manageable, with **97%** 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?

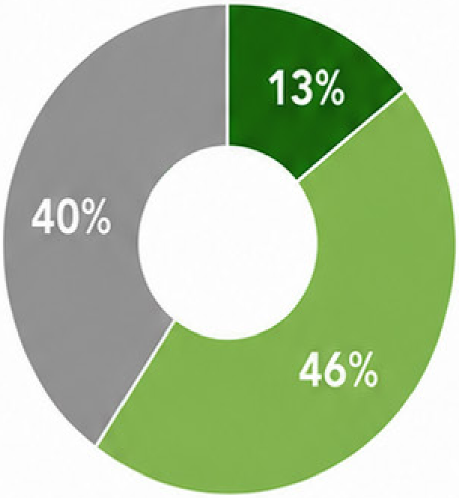



**39%** of firms are confident about the strength of trade in the profession, while **35%** are pessimistic or very pessimistic.

Confidence is finely balanced, with a more cautious outlook emerging.

# COSTS AND THE ECONOMY

## 11 Have you experienced any delays or cancellations over the last six months?

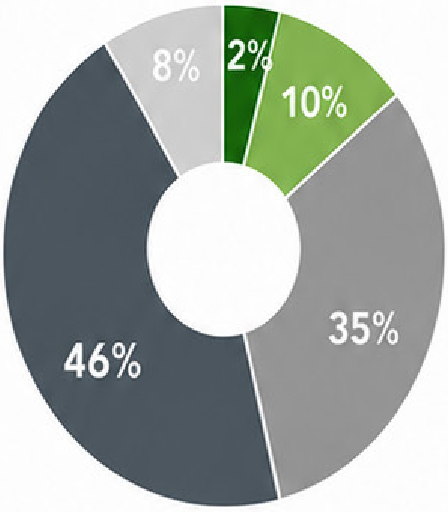



| | |
|---|---|
| Significant delays and/or cancellations | 13% |
| Minor delays and/or cancellations | 46% |
| No change in delays and/or cancellations | 40% |

**59%** of firms have experienced delays or cancellations over the last six months, while **40%** 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?




| | |
|---|---|
| Very confident | 2% |
| Confident | 10% |
| Neutral | 35% |
| Pessimistic | 46% |
| Very pessimistic | 8% |

**12%** of firms are confident about the UK economy, while **54%** are pessimistic or very pessimistic.

Economic confidence remains subdued.

# COSTS AND THE ECONOMY

These five questions explore cost pressures, product availability, confidence in the profession, project delays and cancellations, and confidence in the wider UK economy.

### Quarter on quarter analysis: Q2 versus Q1 2026

Cost pressures remain widespread. In Q2, 96% of firms reported increased material and product costs, compared with 93% in Q1. However, the proportion reporting significant increases fell from 54% to 42%, suggesting that while inflationary pressure is more widespread, its intensity has eased somewhat.

Product availability improved. Some 96% rated availability as good or average in Q2, compared with 90% in Q1, while only 2% rated it poor. This confirms that access to products is not a significant constraint and that cost, rather than supply, remains the principal concern.

Confidence in the plumbing and heating profession has strengthened, but sentiment is more divided. The proportion confident or very confident increased from 28% to 39%. However, pessimistic responses also rose from 27% to 35%, while neutral responses fell sharply from 44% to 27%. This suggests businesses are forming firmer, but increasingly different, views of the outlook.

Project delays remain broadly unchanged. About 60% experienced minor or significant delays or cancellations in Q2, compared with 58% in Q1. Significant disruption eased from 17% to 13%, suggesting that delays remain common but have not materially worsened.

The clearest improvement is confidence in the UK economy. Pessimistic or very pessimistic responses fell from 76% in Q1 to 54% in Q2, while neutral sentiment increased to 35%. Confidence remains low at 12%, but the extreme pessimism evident in Q1 has eased considerably.

Taken together, the Q2 results suggest that cost pressure remains a sustained feature of the operating environment rather than a short term fluctuation. Product availability is strong and wider economic pessimism has eased, but almost all firms continue to face rising costs. The picture therefore remains one of persistent inflationary pressure, with businesses adapting to higher costs rather than seeing any meaningful return to more normal conditions.

### Year on year analysis: Q2 2026 versus Q2 2025

Year on year, cost pressure remains deeply embedded. About 96% of firms reported increased product costs in both periods, but significant increases have risen from 30% in Q2 2025 to 42% in Q2 2026. This suggests businesses continue to face persistent input inflation.

Product availability has improved markedly. In Q2 2025, around 21% rated availability as poor or very poor. In Q2 2026, this has fallen to just 2%, with almost all respondents now describing availability as average, good or excellent.

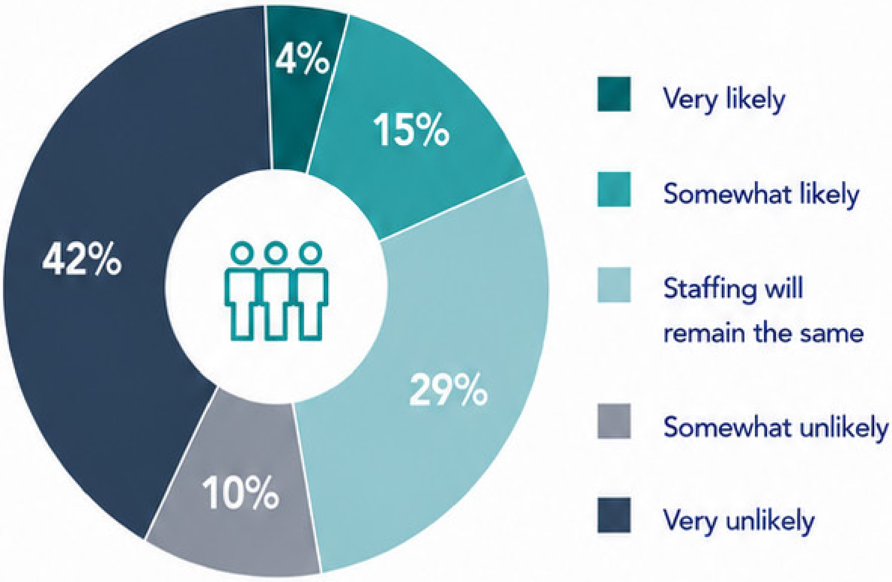
Confidence in the profession is broadly similar overall, with 39% confident or very confident compared with 37% a year ago. However, pessimism has increased from around 27% to 35%, indicating greater caution despite the modest improvement in positive sentiment.

Project delays have also become more common, with 60% reporting some level of delay or cancellation compared with 53% a year ago. Confidence in the UK economy remains weak, with 54% pessimistic or very pessimistic, slightly higher than around half in Q2 2025. Overall, supply conditions have improved, but persistent costs, project delays and subdued economic confidence continue to constrain the outlook.

Taken together, the year on year comparison suggests that cost pressure has become an entrenched feature of the profession rather than a temporary disruption. Supply conditions have improved substantially, but firms continue to face widespread and increasingly severe input cost increases alongside more frequent project delays. The overall picture is therefore one of improved product availability but limited relief from the wider inflationary and economic pressures affecting business confidence and financial resilience.

# PEOPLE AND WORKFORCE

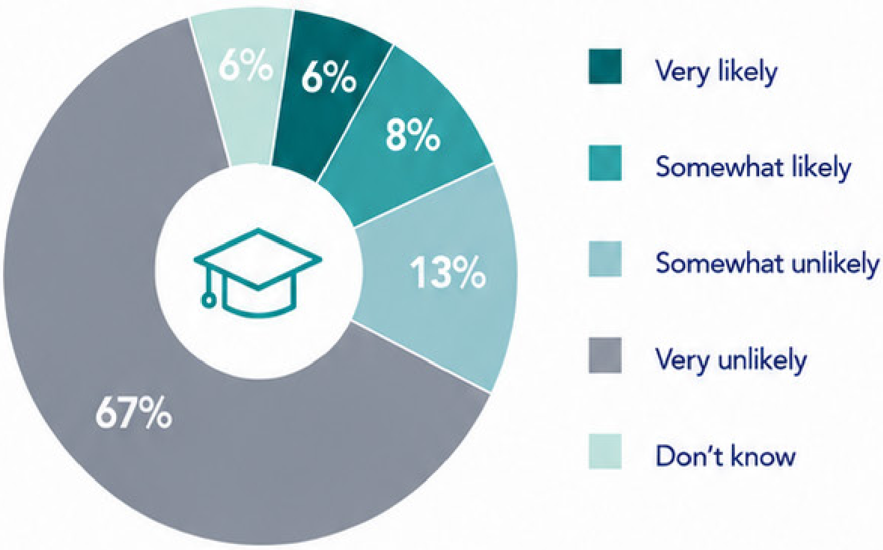
## 13 How likely will your business increase its number of employees in the next six months?




**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?

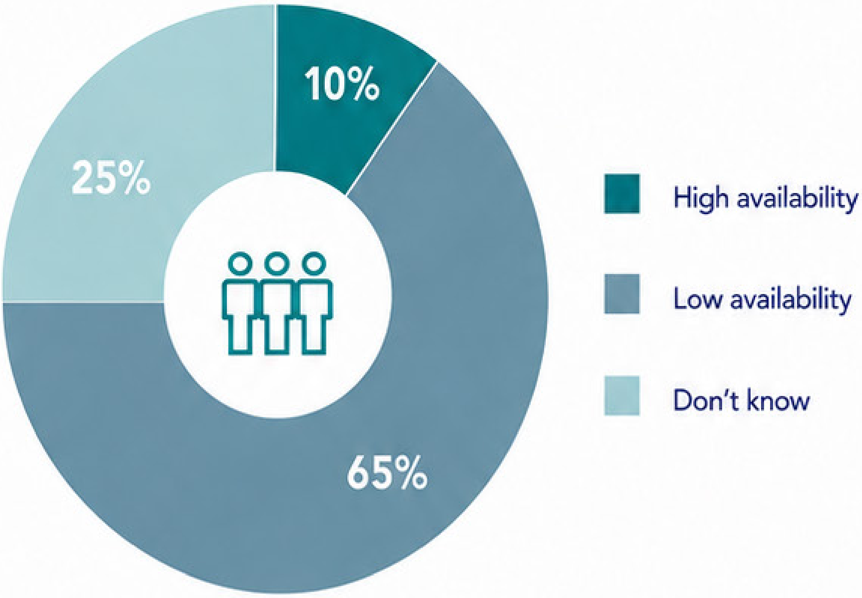



**14%**

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

# PEOPLE AND WORKFORCE

## 15 What is the current availability of skilled plumbing and heating professionals in your area?

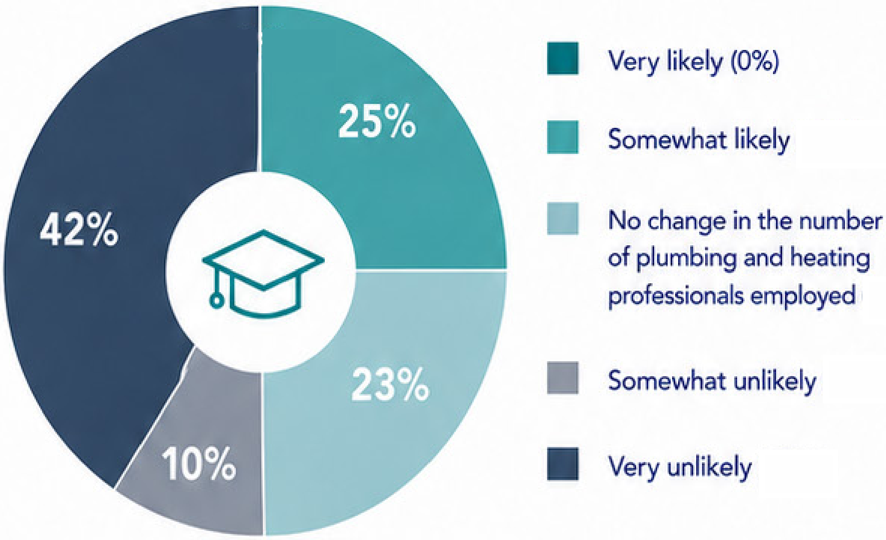



**65%**

of firms report low availability of skilled plumbing and heating professionals in their area, while 10% report high availability.

Skills availability remains a significant challenge.

## 16 How likely is your business to specifically increase the number of plumbing and heating professionals it employs in the next six months?




**25%**

of firms are likely to increase the number of plumbing and heating professionals they employ in the next six months, while 52% are unlikely.

Most firms remain cautious about expanding their skilled workforce.

# 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: Q2 versus Q1 2026

Workforce expansion remains subdued. The proportion of firms likely or very likely to increase total employee numbers remained at 19% in Q2, while 52% are unlikely or very unlikely, broadly unchanged from 51% in Q1. This suggests businesses remain cautious about committing to additional employment costs despite continued trading activity.

Apprenticeship recruitment weakened slightly. Only 14% are likely or very likely to recruit an apprentice, compared with 15% in Q1, while the proportion unlikely or very unlikely increased from 75% to 80%. This reinforces concerns over the future training pipeline.

Skills availability remains a significant constraint, although there was a modest improvement. Low availability fell from 68% in Q1 to 65% in Q2, while high availability increased from 8% to 10%. However, almost two thirds of firms continue to report difficulty accessing skilled plumbing and heating professionals.

There is a more positive movement in intentions to recruit skilled operatives. Some 25% now expect to increase the number of plumbing and heating professionals they employ, up from 17% in Q1. However, 52% remain unlikely to increase operative numbers. Overall, workforce capacity remains constrained, despite some improvement in skilled recruitment intentions.

Taken together, the Q2 results suggest that workforce constraint remains a sustained and embedded condition within the profession rather than a short term response to trading conditions. Overall hiring and apprenticeship intentions remain weak, while skills availability continues to restrict expansion. The improvement in plans to recruit skilled operatives is positive, but not yet sufficient to indicate a broader shift in workforce capacity.

## Year on year analysis: Q2 2026 versus Q2 2025

Compared with a year ago, employers have become more cautious about overall workforce expansion. Around 27% of firms were likely to increase employee numbers in Q2 2025, compared with 19% in Q2 2026. The proportion unlikely to expand has also edged upwards.

Apprenticeship recruitment shows a clearer deterioration. Around 26% of respondents indicated some likelihood of recruiting an apprentice in Q2 2025. This has fallen to 14%, while around four fifths of firms are now unlikely or very unlikely to recruit. This remains one of the strongest indicators of weakness in the future skills pipeline.

Skills availability has changed relatively little. Around 68% reported low availability a year ago, compared with 65% in Q2 2026. The persistence of this figure suggests that skills shortages remain structural rather than temporary.

A direct year on year comparison is not available for the question on increasing plumbing and heating professionals, as this was introduced after Q2 2025. The current result nevertheless shows that only one quarter of firms intend to expand their skilled workforce.

Overall, the workforce picture remains one of restraint. Recruitment intentions are limited, apprenticeship demand has weakened and skills shortages continue to restrict the profession's capacity for future growth.

Taken together, the year on year comparison suggests that workforce constraints are becoming more deeply embedded rather than easing with changes in trading conditions. Overall hiring intentions have weakened, apprenticeship recruitment has deteriorated markedly and skills availability remains persistently tight. The picture is therefore one of sustained structural restraint, limiting the profession's ability to expand capacity even where demand remains present.

# RESEARCH RESPONDENTS

## 17 What best describes your plumbing and heating business?

| Main contractor | Subcontractor | Domestic | Commercial | Renewables |
|---|---|---|---|---|
| 17% | 37% | 75% | 29% | 23% |

## 18 What is the size of your company?

| Company size | % |
|---|---|
| Less than 10 employees | 54% |
| 11–50 employees | 31% |
| 51–250 employees | 10% |
| 250+ employees | 6% |

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