SNIPEF
Plumbing and heating association

STATE OF TRADE

Q3 2026

Tracking trading conditions across Scotland's plumbing and heating profession



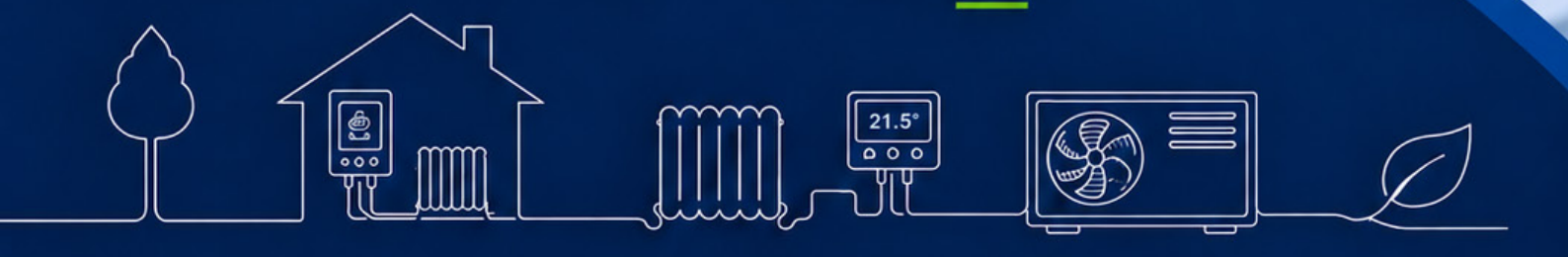
OVERALL ASSESSMENT

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.

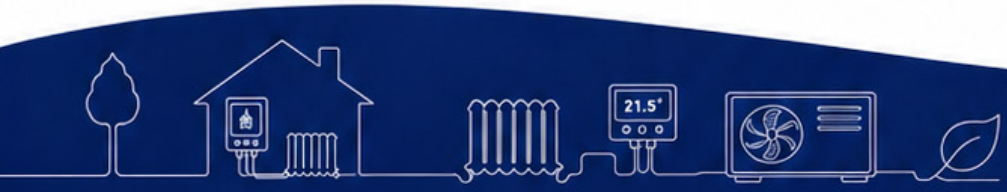
By capturing consistent, repeat data each quarter, the State of Trade provides insight into short-term movements and longer-term structural trends affecting the profession. This enables SNIPEF to identify emerging risks, distinguish cyclical pressures from systemic issues and develop proportionate, evidence-led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

The Q3 2026 findings suggest that trading conditions remain stable following the weaker position recorded in Q2. More businesses describe current activity and forward workloads as meeting expectations, while fewer report disappointing outcomes. However, this improvement has not been accompanied by stronger growth expectations or a clear recovery in profitability.

The central finding is that greater stability in reported trading is not yet translating into stronger financial resilience. Half of respondents report falling profit margins, product cost increases remain almost universal and recruitment intentions are limited. Businesses continue to face difficult decisions about pricing, investment and future capacity.

Trading is meeting expectations more often, but growth remains limited

The clearest improvement is the reduction in businesses reporting forward order books below expectations, from 44% in Q2 to 33% in Q3. The share reporting trading quieter than expected also fell, from 38% to 33%. Together, these findings suggest some easing of the weakness evident in the previous quarter.

However, the improvement is concentrated in responses describing conditions as expected. The proportion reporting busier than expected trading continues to fall, as does the share with above expectation order books. Q3 therefore provides stronger evidence of stabilisation than renewed growth.

Meeting expectations does not necessarily mean workloads are increasing. Businesses may be achieving satisfactory activity, but they may also have adjusted their expectations to a more difficult market. The annual comparison reinforces this caution: above expectation order books have fallen from 32% in Q3 2025 to 17%, while falling margins are more widespread than a year ago.

Maintaining activity is not enough to protect margins

Although the proportion reporting declining margins has eased from 54% to 50%, profitability remains a central concern.

Only 11% report improving margins, suggesting that the modest quarterly improvement reflects more businesses maintaining their position rather than achieving stronger returns.

Falling margins were reported by 77% of businesses trading quieter than expected, compared with 41% of those trading as expected and 29% of those busier than expected. This suggests that weaker trading is associated with greater margin pressure. However, margin declines among businesses meeting or exceeding expectations indicate that trading levels alone do not explain the pattern. Other pressures, including rising costs or difficulty passing them on, may also be affecting profitability.

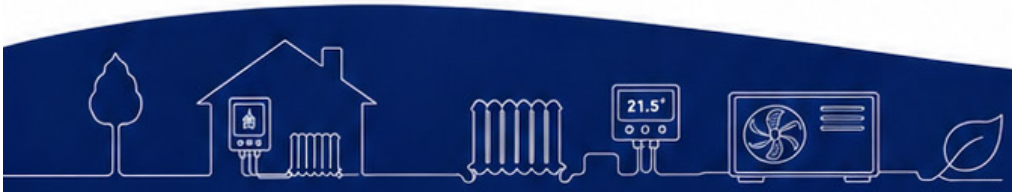
With 95% reporting increased purchased product prices, businesses continue to face widespread pressure on delivery costs. The survey cannot establish the relative contribution of materials, labour, pricing decisions or workload mix. It nevertheless highlights the distinction between securing work and securing work that provides a sustainable return.

Fuel costs highlight the challenge of recovering higher costs

The additional fuel questions reveal a difficult pricing balance. Many respondents are currently absorbing higher fuel costs, but say they plan to pass these on within three months or sometime in 2027 if prices remain high.

These responses reflect different levels of intention and should not be presented as a firm commitment to widespread price increases. They nevertheless suggest that businesses are weighing the need to recover costs against customers' ability or willingness to pay more.

Absorbing increases may help businesses keep quotations competitive, but it leaves less income to cover other costs and sustain profits. Passing them on may protect margins, but could make securing work more difficult. The concern is therefore whether businesses can maintain sufficient demand at prices that provide a sustainable return.



STATE OF TRADE ASSESSMENT

STABLE, BUT UNDER SUSTAINED PRESSURE

Financial pressure may be limiting workforce investment

The individual responses suggest that businesses reporting falling margins are less likely to anticipate expanding their workforce. This does not establish a causal relationship, but it is consistent with financial pressure limiting the willingness or ability to take on additional employment costs.

Persistent low availability of skilled plumbing and heating professionals presents a further constraint. Businesses may struggle to find suitable people while also lacking the financial confidence to recruit. Together, these conditions could restrict their capacity to respond when demand improves.

Apprenticeship recruitment intentions remain low, although the Q3 result is broadly similar to the same quarter last year. These responses measure prospective intentions and should not be treated as an equivalent measure of actual apprentice starts.

Confidence reflects caution rather than a clear change in direction

Confidence in the profession has softened since Q2, but pessimism has also declined as more respondents take a neutral position. This suggests greater caution about the outlook rather than a uniform deterioration in sentiment.

The profession continues to demonstrate resilience, but the evidence does not yet indicate a sustained improvement in growth or financial strength. The assessment therefore remains Stable, but under sustained pressure.

Richard Campbell
November 2026

Looking ahead: Q4 2026 and 2027

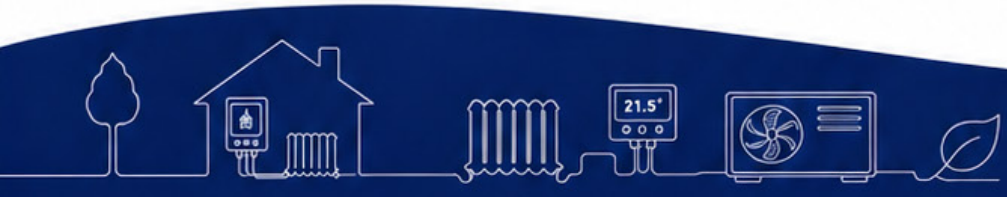
The principal risk is that businesses face further cost pressure while customers become less able or willing to absorb higher prices. Additional increases in household energy, food and transport costs could reduce the money available for planned plumbing and heating work. Essential repairs may remain necessary, but discretionary improvements and replacements could be postponed.

These risks should be considered alongside developments in other sectors, consumer confidence and the wider economic outlook. Higher borrowing costs can further constrain household spending and business investment. Households may consequently face tighter financial conditions alongside living cost pressures originating beyond their control.

For the profession, this could intensify the challenge of recovering operating costs while maintaining affordable services and sufficient demand. Holding prices to secure work may reduce margins further, while raising them could affect quotation acceptance and project decisions.

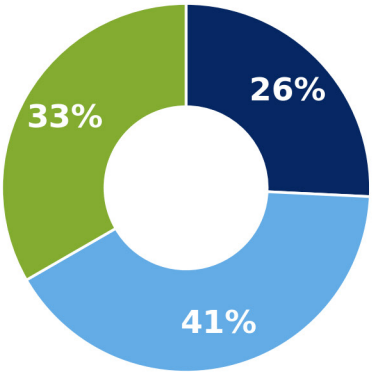
Future surveys should examine cost recovery through pricing, quotation acceptance and project postponements alongside workloads and margins. This will help establish whether the stability evident in Q3 is financially sustainable.

Should these pressures translate into weaker workloads, further margin erosion and reduced capacity to invest, retaining a Stable assessment would become increasingly difficult. Evidence of sustained deterioration across these indicators would support a move towards a Weak assessment.



TRADING PERFORMANCE

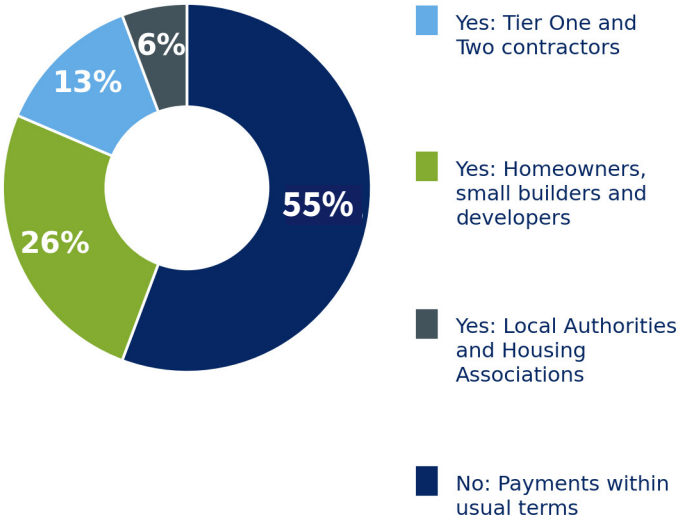
1 Compared with expectations, how has your overall level of business activity been over the last quarter?



41% traded as expected.

Up from 33% in Q2, but slightly below 43% in Q3 2025.

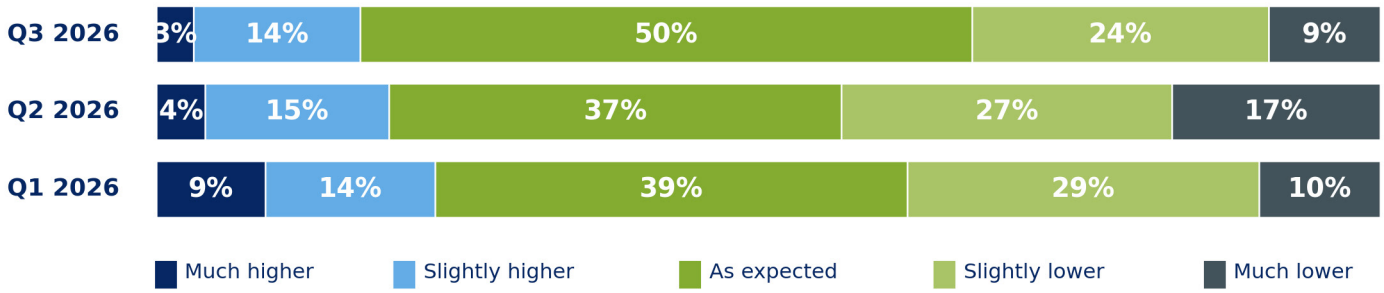
2 Have you experienced any payment delays beyond your typical payment terms (usually 30 days) with any of the following customers?



45% experienced payment delays.

Up 8 percentage points from Q2, but 2 points below Q3 2025.

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

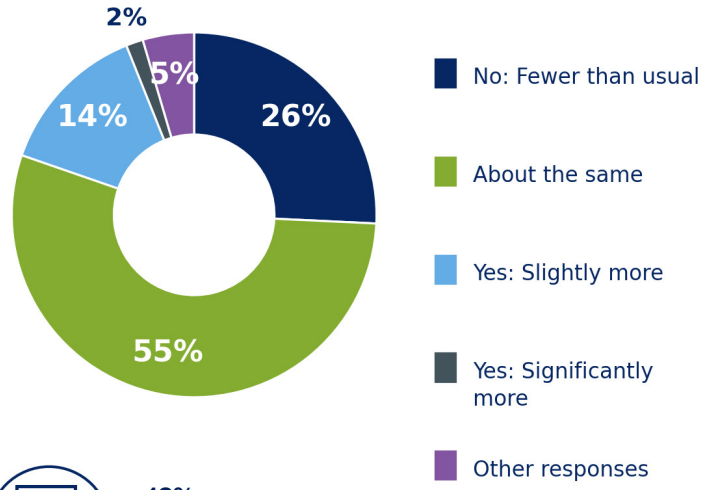


50% reported order books as expected,

17% higher and 33% lower than expected.

TRADING PERFORMANCE

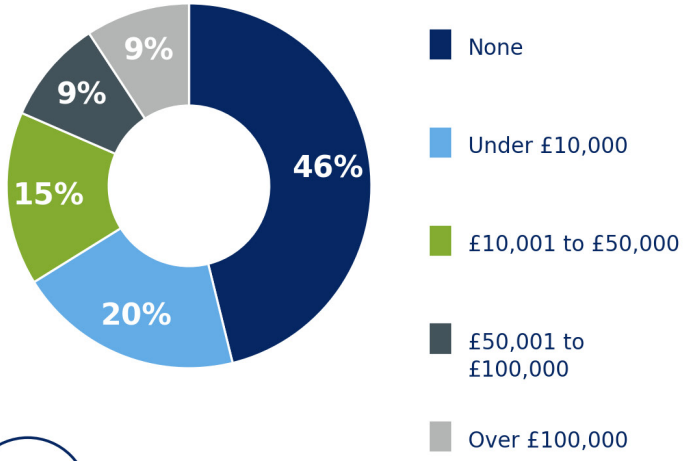
4 Have you experienced issues with non-payment for work that your business has undertaken in the last six months?



16% reported more non-payment issues.

Up 7 percentage points from Q2, and level with Q3 2025.

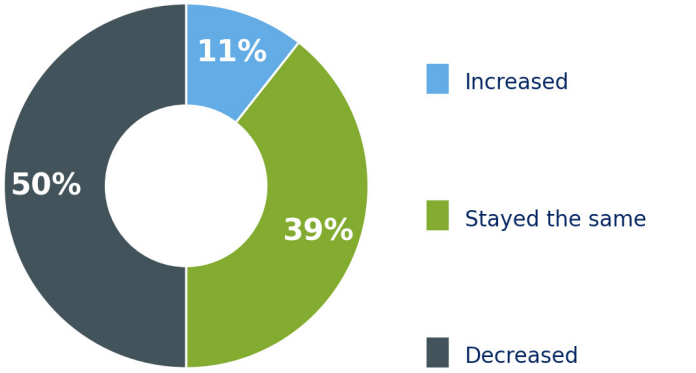
5 How much money does your company currently have held in retentions?



46% have no money held in retentions.

The share with no money held is unchanged from Q2, and up 7 points on Q3 2025.

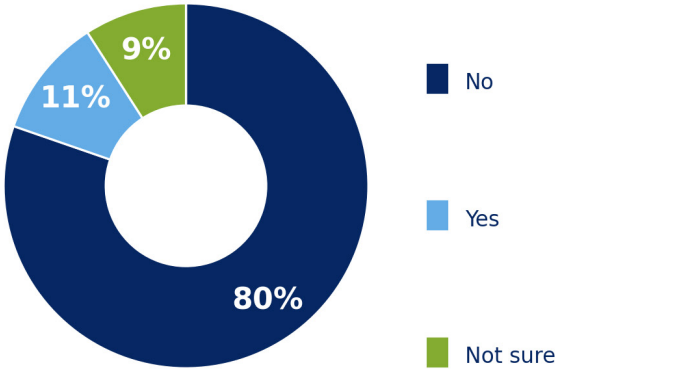
6 Have you seen your profit margins increase or decrease in the last quarter?



50% reported declining profit margins.

Falling margins are down 4 points from Q2, but up 15 points on Q3 2025.

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



11% were affected by insolvencies.

The share reporting an impact is up 1 point from Q2 and 4 points on Q3 2025.

TRADING PERFORMANCE

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

Quarter on quarter analysis: Q3 versus Q2 2026

Q3 shows some stabilisation in trading performance, with fewer businesses reporting disappointing outcomes. The proportion experiencing quieter than expected trading fell from 38% to 33%, while those trading as expected increased from 33% to 41%. However, busier than expected responses also declined, from 29% to 26%. The improvement therefore reflects more businesses meeting expectations rather than stronger growth.

Forward order books show a similar, more pronounced movement. Below expectation workloads fell from 44% to 33%, while those meeting expectations rose from 37% to 50%. This suggests some easing of concerns about future work. Nevertheless, above expectation order books declined from 19% to 17%, indicating that the improvement has not yet translated into stronger positive expectations.

Profitability remains under pressure. Although the proportion reporting falling margins eased from 54% to 50%, those reporting improving margins also fell, from 19% to 11%. More businesses are maintaining their position, but fewer are achieving better returns. This reinforces the distinction between stabilising trading conditions and recovering financial strength.

Comparing individual Q3 responses provides further insight. Falling margins were more prevalent among respondents reporting quieter trading, but also affected businesses meeting or exceeding expectations. This suggests that weaker activity and difficulty recovering costs may be acting together. Maintaining workloads alone is not necessarily sufficient to protect profitability.

Payment issues and retentions remain relevant to this assessment because they affect the cash available to fund ongoing work. Their significance should be considered alongside margins: a business can meet its workload expectations while still facing pressure on both the return from that work and the timing of receipts.

Overall, Q3 offers evidence that the deterioration seen in Q2 has eased. However, the movement is predominantly towards meeting expectations and maintaining margins, rather than stronger workloads and improved profitability. This supports an assessment of stabilisation under sustained pressure.

Year on year analysis: Q3 versus Q3 2025

The annual comparison presents a less favourable picture than the improvement since Q2 might suggest. Businesses reporting busier than expected trading fell from 37% in Q3 2025 to 26%, while quieter than expected responses increased from 20% to 33%. The balance has therefore shifted from more businesses exceeding expectations to more falling short.

Forward workloads reinforce this change. Above expectation order books declined from 32% to 17%, while below expectation workloads increased from 29% to 33%. Although more businesses now report order books meeting expectations, this has occurred alongside a substantial reduction in positive responses. Greater alignment with expectations should therefore not be interpreted as evidence of stronger underlying demand.

The clearest financial deterioration is in profit margins. Half of respondents now report a decline, compared with 35% a year ago. Meanwhile, the proportion reporting improving margins has fallen from 29% to 11%. Businesses appear less likely to achieve stronger returns, even where work remains available.

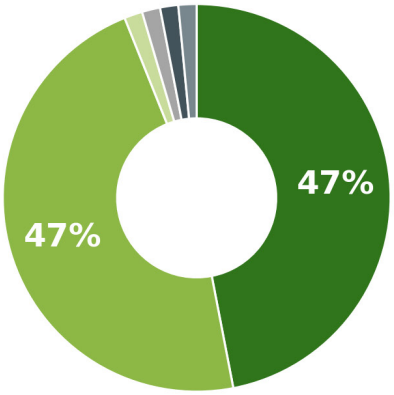
These findings are consistent with a more difficult commercial environment in which businesses must balance securing work with recovering their delivery costs. They do not establish a single cause of margin pressure, but they suggest that both trading conditions and cost recovery deserve attention.

Taken together, the annual comparison shows that the recent stabilisation follows a period of weakening trading expectations and profitability. The profession continues to demonstrate resilience, but a return to stronger conditions would require more than fewer disappointing outcomes. It would also require sustained improvement in forward workloads and the financial returns businesses achieve from their work.



COSTS AND THE ECONOMY

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

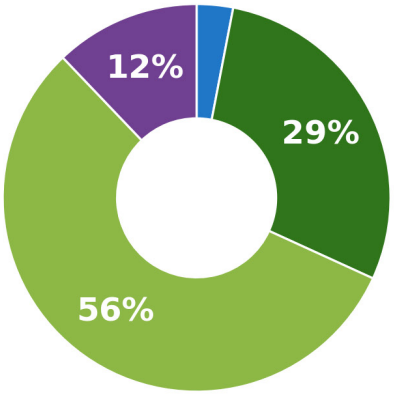


- Increased significantly 47%
- Increased slightly 47%
- Increase, unspecified 2%
- No change 2%
- Decreased slightly 2%
- Decreased significantly 2%

95% reported rising product costs.

47% reported significant increases.

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

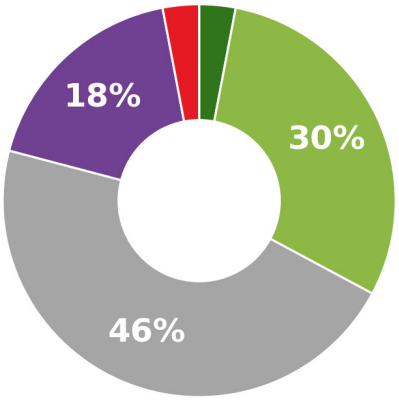


- Excellent 3%
- Good 29%
- Average 56%
- Poor 12%
- Very poor 0%

88% rated availability as average, good or excellent.

12% rated availability as poor.

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



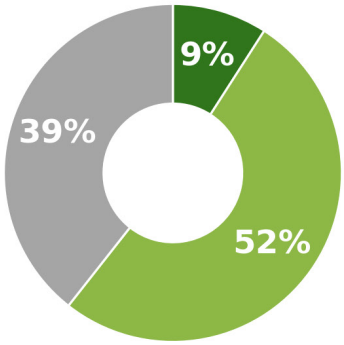
- Very confident 3%
- Confident 30%
- Neutral 46%
- Pessimistic 18%
- Very pessimistic 3%

33% are confident

Down 6 percentage points from Q2, but level with Q3 2025.

COSTS AND THE ECONOMY

11 Have you experienced any delays or cancellations of projects in the last six months?

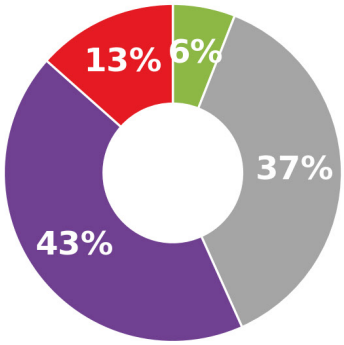


- Significant delays / cancellations 9%
- Minor delays / cancellations 52%
- No change 39%

61% experienced project disruption.

Most reported minor delays or cancellations.

12 What is your confidence level for the UK economy over the next year?



- Very confident 0%
- Confident 6%
- Neutral 37%
- Pessimistic 43%
- Very pessimistic 13%

56% are pessimistic about the economy.

Up 2 percentage points from Q2, but down 6 on Q3 2025.

A SPECIAL QUESTION: BUSINESS VEHICLES

Which types of vehicles does your business currently operate?

Diesel	94%
Fully electric	21%
Petrol	11%
Hybrid (petrol or diesel)	10%
No business vehicles	2%

B SPECIAL QUESTION: FUEL COSTS

How is your business responding to higher diesel and petrol prices?

Absorbing now; may pass on in 2027	40%
Absorbing now; plan to pass on within 3 months	33%
Already passed on some or all costs	14%
Not yet decided	11%
Continue absorbing without price increases	2%

73% are absorbing costs for now, but may or plan to pass them on.

COSTS AND THE ECONOMY

These questions examine cost pressures, product availability, confidence in the profession and the wider UK economy, alongside two additional questions examining the impact of rising fuel costs.

Quarter on quarter analysis: Q3 versus Q2 2026

Cost pressure remains widespread, with 95% of respondents reporting increased purchased product prices, compared with 96% in Q2. This small change does not indicate that prices are stabilising. It means that almost all respondents continue to experience increases. Meanwhile, the proportion describing those increases as significant rose from 42% to 47%, suggesting greater intensity of pressure for some businesses.

Read alongside the trading results, this helps explain why more predictable workloads have not translated into a clear improvement in financial performance. Half of respondents still report falling margins. However, the survey does not establish how much of this reflects purchased product costs rather than labour costs, pricing decisions or changes in the volume and type of work undertaken.

Product availability has become less favourable, although most respondents continue to describe it as average or good. Reported project delays and cancellations remain broadly similar overall. These findings suggest that cost remains a more widespread concern than severe supply disruption, while availability and project timing continue to complicate business planning.

Confidence in the profession presents a more nuanced picture than the decline in positive responses alone suggests. The proportion confident or very confident fell from 39% to 33%, but pessimism also declined as more respondents selected neutral. This indicates a less polarised outlook, with more businesses reserving judgement about future conditions.

Confidence in the wider UK economy remains weaker. Pessimism increased from 54% to 56%, while positive confidence fell from 12% to 6%. Businesses therefore face persistent operating cost pressure alongside uncertainty about the economic conditions influencing their customers.

Overall, Q3 shows limited relief from costs and a more cautious outlook. The main commercial challenge remains whether businesses can recover higher costs without weakening their ability to secure work.

Year on year analysis: Q3 2026 versus Q3 2025

The proportion reporting product cost increases is broadly unchanged, at 95% compared with 94% a year ago. However, significant increases rose from 30% to 47%. The consistency of the headline figure therefore conceals greater reported intensity of cost pressure.

Alongside the rise in businesses reporting falling margins, from 35% to 50%, this suggests a more difficult environment for protecting financial returns. Continuing activity is not necessarily providing the resources needed to strengthen resilience or invest.

Confidence in the profession remains at 33%, although more respondents are neutral and fewer pessimistic. Wider economic pessimism has eased from 64% to 56%, but remains the majority view. Sentiment is therefore not uniformly weaker, despite a less favourable picture of costs and profitability.

Special questions: Fuel exposure and cost recovery

More than nine in ten businesses answering the fleet question use diesel vehicles. This shows that rising diesel costs affect most respondents, although the survey does not show what proportion of their vehicles or fuel spending is diesel.

Currently, 73% of businesses are absorbing higher fuel costs for now. Some (33%) say they plan to pass these costs on within three months. Others (40%) are considering doing so in 2027 if prices remain high. These are different intentions, not a firm commitment to raise prices.

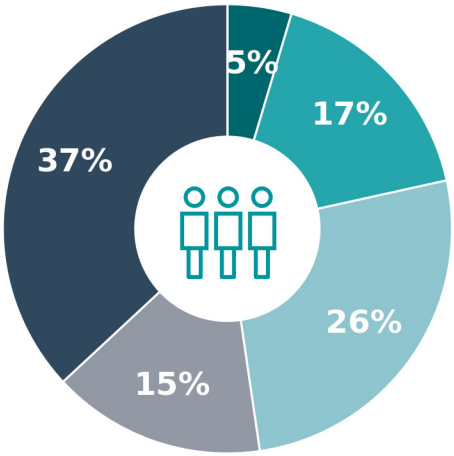
Absorbing higher costs can help keep prices affordable for customers, but it puts more pressure on business margins. Passing costs on may protect margins, but could make it harder to win work.

The key question is whether businesses can cover their costs and still secure enough work. Future surveys could track price changes alongside whether customers accept quotations and how margins change.



PEOPLE AND WORKFORCE

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

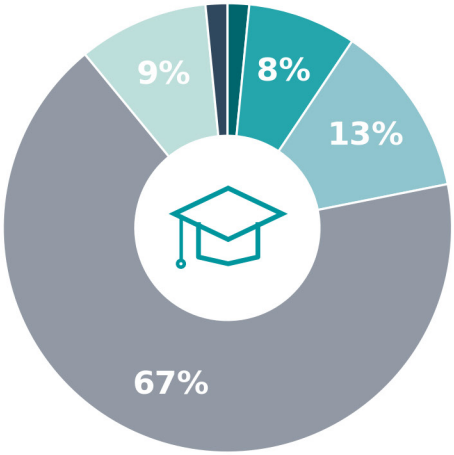


- Very likely 5%
- Somewhat likely 17%
- Staffing will remain the same 26%
- Somewhat unlikely 15%
- Very unlikely 37%

22%

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?



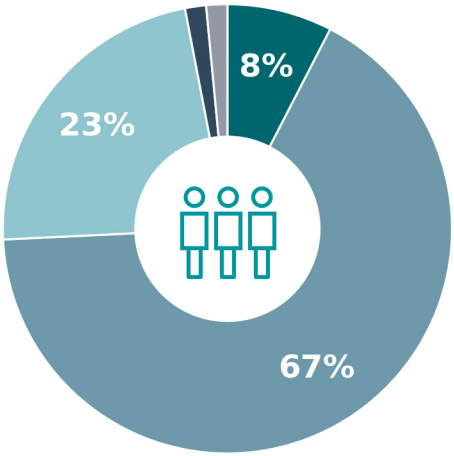
- Very likely 2%
- Somewhat likely 8%
- Somewhat unlikely 13%
- Very unlikely 67%
- Don’t know 9%
- Other response 2%

10%

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?

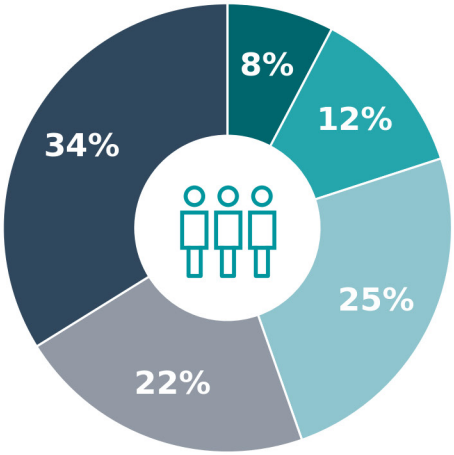


- High availability 8%
- Low availability 67%
- Don’t know 23%
- None available 2%
- Other response 2%

67%

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 professionals it employs in the next six months?



- Very likely 8%
- Somewhat likely 12%
- No change in skilled workforce 25%
- Somewhat unlikely 22%
- Very unlikely 34%

20%

are likely to increase their plumbing and heating workforce 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: Q3 versus Q2 2026

Workforce expansion remains cautious. The proportion likely to increase total employee numbers rose from 19% to 22%, but intentions to recruit plumbing and heating professionals fell from 25% to 20%. These differing movements suggest that the modest improvement in overall recruitment appetite does not represent a broader commitment to expanding technical capacity.

Financial performance provides useful context. Comparing individual Q3 responses shows that businesses reporting falling margins were less likely to anticipate workforce expansion than those whose margins were maintained or improving. This suggests that financial pressure may constrain recruitment, although the survey does not establish the reasons behind individual decisions.

Apprenticeship recruitment intentions fell from 14% to 10%. The timing of the survey may have influenced the result, as many apprenticeship courses for the year may already have started, meaning some employers had completed recruitment for this intake.

The figure reflects intentions at the time of the survey, not actual apprentice starts. It should therefore be treated as a possible indication of reduced recruitment appetite, rather than a confirmed fall in starts.

Low availability of skilled professionals remains widespread, affecting around two thirds of respondents. Businesses therefore face a combination of recruitment difficulties and limited appetite to expand. Stabilising workloads alone may not be sufficient to encourage additional employment without stronger margins and greater confidence in future demand.

Year on year analysis: Q3 2026 versus Q3 2025

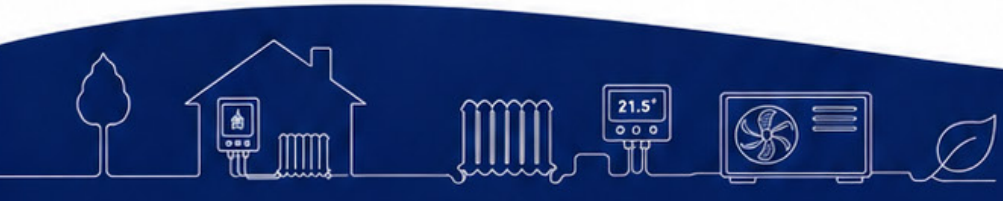
The annual comparison suggests a continued reluctance to expand workforce capacity. The proportion likely to increase total employee numbers fell from 29% to 22%, while intentions to recruit plumbing and heating professionals declined from 24% to 20%. Alongside weaker positive workload expectations and more widespread margin declines, this points to a less supportive environment for investment in people.

Apprenticeship intentions are broadly similar to a year ago, at 9% compared with 10%. The quarterly fall should therefore be considered alongside this more stable annual comparison. Recruitment timing may influence responses, but the available evidence is insufficient to establish a seasonal pattern.

The persistent finding is low availability of skilled professionals, reported by around two thirds of respondents in both periods. This indicates that recruitment difficulties remain unresolved. However, the survey cannot determine whether these reflect insufficient entrants, experienced workers leaving, geographical mismatches or the particular skills businesses require.

Taken together, the findings highlight two distinct constraints: the availability of suitable people and businesses' capacity to employ them. Addressing skills supply alone may not translate into stronger recruitment where employers lack financial confidence. Equally, an improvement in demand may not lead to greater output if the required workforce is unavailable.

The longer term concern is that sustained recruitment restraint could limit future capacity. Monitoring margins, workforce intentions and actual recruitment together will help distinguish temporary caution from a more lasting reduction in employers' ability to invest in the profession.



RESEARCH RESPONDENTS

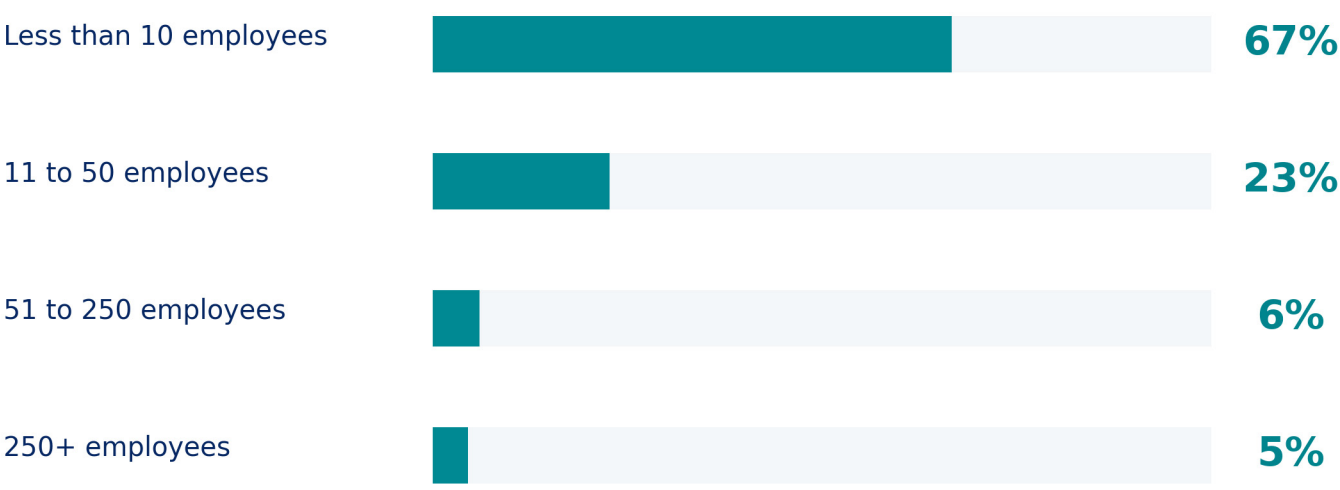


17 What best describes your plumbing and heating business?

14%	48%	73%	26%	21%
Main contractor	Subcontractor	Domestic	Commercial	Renewables

Multiple selections allowed. A further 2% selected bathroom and kitchen sales and installation.

18 What is the size of your company?





Scottish and Northern Ireland Plumbing Employers' Federation

Bellevue House
22 Hopetoun Street
Edinburgh
EH7 4GH

W: Snipef.org

W: NeedaPlumber.org

T: 0131 556 0600

@snipefnews

Published: November 2026

SNIPEF
Plumbing and heating association