

Rising Costs and Weaker Order Books Squeeze Scotland's Plumbing and Heating Firms

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/EINPresswire.com/ -- SNIPEF warns of growing pressure on employers as 54% report falling margins and apprenticeship recruitment intentions fall to just 14%.

Scotland's plumbing and heating sector is facing rising costs, weakening order books and falling profit margins, leaving businesses with significantly less financial and operational headroom, according to the latest research from the Plumbing and Heating Federation (SNIPEF).

In its latest [State of Trade report for Q2 2026](#), the Federation retains its overall Stable assessment, but warns that trading conditions are coming under increasing pressure.

Some 96% of businesses reported higher material and product costs, with this sustained cost pressure continuing to weigh on profitability. More than half, 54%, reported declining profit margins, up from 49% a year ago, indicating that margin pressure is becoming an entrenched feature of trading conditions.

The outlook for future work has also weakened, with 44% of firms reporting order books below expectations for the next six months, up from 37% a year ago. Only 19% reported workloads



Fiona Hodgson, Chief Executive of the Plumbing and Heating Federation (SNIPEF)

above expectations, pointing to a more cautious and less predictable pipeline.

Current trading remains relatively resilient, although conditions have softened since Q1. Some 29% of businesses traded above expectations and 33% as expected, while the proportion experiencing quieter conditions increased from 29% in Q1 to 38% in Q2.

Commenting on the findings, Fiona Hodgson, Chief Executive of SNIPEF, said: "These results show a profession that is still active, but under sustained and growing pressure.

"Costs are rising across almost every business we surveyed, with more than half seeing margins fall and forward order books weakening. That combination reduces employers' confidence and capacity to invest, recruit and grow.



"My concern is that these pressures are emerging at the same time as policymakers are looking to businesses to create more apprenticeships and build the skilled workforce Scotland needs.

"If we are serious about increasing apprenticeship numbers, supporting housing delivery and meeting the demands of the transition to low carbon heating, then we need to focus just as much on the employers expected to make that investment as we do on the targets themselves."

National apprenticeship ambitions clash with employer reality

National ambitions to expand apprenticeships are colliding with a much more difficult employer reality, with only 14% of employers likely to recruit an apprentice in the next six months, down from 26% a year ago.

This growing disconnect contrasts sharply with the political emphasis being placed on apprenticeships and technical education. The Scottish Government has committed to supporting 25,000 Modern Apprenticeships during 2026 to 2027 and is reviewing contribution rates for apprenticeship training, while Prime Minister Andy Burnham has placed technical routes and youth apprenticeships at the centre of the UK Government's skills agenda.

Although SNIPEF welcomes these ambitions, it warns that increasing apprenticeship numbers depends on employers being willing and able to create the jobs and sustain the training. Plumbing and heating employers carry the majority of the four year apprenticeship investment,

including wages, supervision, college release, reduced productivity during training and the financial risks associated with recruitment and retention.

These pressures are particularly significant in a safety critical profession where training standards and workplace experience cannot simply be reduced to increase numbers. SNIPEF says greater attention must therefore be given to the employer side of the apprenticeship system, including the real costs of training and the support required to make recruitment sustainable.

Retentions of more than £100,000 highlight payment pressures

The research also reveals significant sums of working capital continuing to be tied up through construction retentions. More than one third of businesses, 35%, reported having more than £10,000 held in retentions, while 15% had more than £100,000 withheld.

The findings come as the UK Parliament considers the Commercial Payments Bill, which proposes major changes to construction payment practices, including a ban on the deduction and withholding of cash retentions under construction contracts. The measure is intended to address longstanding concerns about subcontractors effectively financing projects through money held back further up the supply chain.

However, SNIPEF is calling for greater clarity over what will replace retentions. The Federation is concerned that an unintended consequence of reform could be the introduction of alternative forms of security that are more expensive or harder to access, disproportionately disadvantaging small and medium sized contractors.

SNIPEF says any replacement must be proportionate, affordable and workable for businesses throughout the construction supply chain, with clarity provided before the new arrangements take effect.

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NOTES TO EDITORS

State of Trade

SNIPEF launched its longitudinal State of Trade research programme in 2024 to build a robust and independent evidence base on Scotland's plumbing and heating profession.

The quarterly research tracks employer reported conditions including trading performance, forward workloads, payment practices, profit margins, supply chain pressures, economic confidence and workforce capacity.

By collecting consistent data over time, the research enables SNIPEF to identify both shorter term movements and longer term structural challenges affecting plumbing and heating employers.

The findings inform SNIPEF's policy positions, skills and workforce planning and its engagement with government, regulators and delivery partners.

Report graphs can be provided upon request.

The full State of Trade Q2 2026 report can be viewed at: www.snipef.org/publications

About The Plumbing and Heating Federation (SNIPEF)

The Scottish and Northern Ireland Plumbing Employers' Federation is the principal trade association representing plumbing and heating businesses across Scotland and Northern Ireland.

As a UK recognised industry body, SNIPEF champions excellence, professionalism and best practice across the plumbing and heating profession. It supports its members through training, industry advocacy, business promotion and expert guidance.

Through SNIPEF Training Services Ltd, the Federation also acts as the employer led managing agent for plumbing and heating apprenticeships in Scotland, providing oversight, quality assurance and a direct link between employers, training providers and government.

Media enquiries

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