# UK scaffolding firm PHD Modular reports sharp profit fall despite revenue rise



A significant UK scaffolding firm has reported a drop in its profits, attributing the decline to escalating cost pressures, economic uncertainty, and a decrease in new opportunities within the market. PHD Modular Access Services, located in Uxbridge, documented a pre-tax profit of £987,000 for the year ending 30 August 2024, down from £1.5 million recorded in the previous year. Despite this setback, the company's turnover increased to £23.3 million from £22.6 million, indicating a complex landscape where revenue growth did not translate to enhanced profitability.

PHD's profit margins have notably tightened, contracting from 6.8% to 4.2%. In its annual report, the company expressed a sense of satisfaction with its overall results in light of the challenging fiscal conditions, stating, “Given the diminished macro environment, we feel satisfied.” The firm reported that the broader construction market has stabilised to some extent, yet continued inflationary pressures on wages and materials, coupled with high borrowing costs, pose significant challenges.

The company highlighted its proactive engagement with both the supply chain and clientele, a strategy intended to mitigate the impacts of current economic conditions. As the tenth largest scaffolding provider in the UK, PHD Modular focuses primarily on sectors including heritage, industrial, and defence, and it is now prioritising collaborations with top developers and contractors across the UK and Europe. It ended its financial year with a nearly ninefold increase in cash reserves, rising from £17,098 to £129,290, as it endeavours to weather the economic storm.

However, the wider context of the UK construction industry remains precarious. Recent reports suggest that office construction in the UK has plummeted to its lowest level in a decade, primarily driven by economic uncertainty and high costs. In the first quarter of 2025, around 23 million square feet of new office space were completed, marking a decline of over 3 million square feet from the preceding year. This decline is compounded by a post-Brexit workforce shortage, further stymied by stricter environmental regulations.

Additionally, a nationwide survey indicated a contraction in construction activity, driven largely by a drop in new housebuilding projects. The S&P Global/CIPS construction index fell to 48.1 in January 2025, indicating a cautious sentiment among builders, despite efforts from government officials to spur growth. Prime Minister Keir Starmer's attempts to accelerate housing projects have met with limited success as industry confidence remains weak.

PHD's operational adjustments reflect a broader trend within the construction sector, where many firms are struggling to fill vacancies. The National Access & Scaffolding Confederation's chief executive has called on the government to ease immigration restrictions to alleviate the labour shortages hindering progress in the construction industry.

In light of these complexities, while PHD Modular is seeking to expand its reach, particularly in the UK infrastructure sector and its international operations in countries such as Spain and Germany, it faces a landscape fraught with challenges that require strategic navigation.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.constructionnews.co.uk/financial/economic-uncertainty-pushes-down-profit-at-scaffolding-firm-03-06-2025/), [[4]](https://www.constructionnews.co.uk/sections/long-reads/cn-specialists-index-2023-top-10-scaffolding-contractors-08-11-2023/)
* Paragraph 2 – [[1]](https://www.constructionnews.co.uk/financial/economic-uncertainty-pushes-down-profit-at-scaffolding-firm-03-06-2025/), [[2]](https://www.ft.com/content/488636bc-78bd-432d-a93d-9f6a92539a23), [[5]](https://scaffmag.com/2024/12/scaffolding-sector-breaks-1-billion-barrier-2024-rankings-revealed/)
* Paragraph 3 – [[3]](https://www.reuters.com/world/uk/uk-construction-activity-tumbles-january-hit-by-housebuilding-pmi-shows-2025-02-06/), [[6]](https://www.reuters.com/world/uk/uk-construction-sector-tumbles-costs-pressure-job-cuts-intensify-pmi-shows-2025-04-04/)

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## Bibliography

1. <https://www.constructionnews.co.uk/financial/economic-uncertainty-pushes-down-profit-at-scaffolding-firm-03-06-2025/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/488636bc-78bd-432d-a93d-9f6a92539a23> - In the first quarter of 2025, UK office construction fell to its lowest level in a decade, with approximately 23 million square feet completed, a decrease of over 3 million square feet from the previous year. Economic uncertainty, high costs, and elevated debt levels have led developers to pause new projects. This downturn challenges the UK government's goals to spur economic growth through increased construction. While London and the Oxford-Cambridge corridor continue to lead activity due to strong demand from tech companies and large employers seeking high-quality 'Grade A' spaces, cities such as Liverpool, Bristol, and Glasgow are experiencing stagnation due to high vacancy rates. Workforce shortages post-Brexit and tightened environmental regulations are also restricting construction. Although a recent rise in construction orders signals potential future improvement, significant growth in office building is not expected in the short term. The government claims to be addressing the issue through new planning legislation and infrastructure initiatives.
3. <https://www.reuters.com/world/uk/uk-construction-activity-tumbles-january-hit-by-housebuilding-pmi-shows-2025-02-06/> - In January 2025, the UK construction sector experienced its first contraction in nearly a year, with the S&P Global/CIPS UK Construction PMI dropping to 48.1 from 53.3 in December. Economic uncertainties, high borrowing costs, and weak confidence led to a decline in new work, as highlighted by S&P Global Market Intelligence. The housebuilding subindex saw its steepest decline in a year, falling to 44.9. Despite Prime Minister Keir Starmer's efforts to accelerate homebuilding, demand remained cautious. Civil engineering and commercial activity also decreased, with civil engineering facing its weakest month since November 2023. Job creation slowed, witnessing the first contraction in staffing in five months. Input costs surged due to increased energy, fuel, and wage expenses. Although overall business confidence weakened, some firms were optimistic about future infrastructure and green energy projects. The combined PMI for services, manufacturing, and construction sectors marginally declined from 50.6 to 50.3.
4. <https://www.constructionnews.co.uk/sections/long-reads/cn-specialists-index-2023-top-10-scaffolding-contractors-08-11-2023/> - The 2023 CN Specialists Index reveals that inflationary pressures have squeezed scaffolding firms' revenues, profits, and margins. The median pre-tax margin for the top 10 scaffolding specialists has fallen to 5% from 6.7% in 2022. However, the top 10 firms have boosted their aggregate revenue by 21% compared with the companies on the 2022 leaderboard. Five businesses' margins contracted, with PHD Modular Access being the worst performer, experiencing a 10.6% shrinkage and a 58% pre-tax profit drop from £3.9m to £1.6m. GKR Scaffolding was the only other firm to see its pre-tax profit fall, from £1.4m to £1.2m.
5. <https://scaffmag.com/2024/12/scaffolding-sector-breaks-1-billion-barrier-2024-rankings-revealed/> - The scaffolding sector has surpassed the £1 billion revenue mark, with the 2024 rankings revealing significant shifts. Alltask, maintaining its sixth position, delivered an exceptional 49% rise in revenue to £44.9 million, with pre-tax profit soaring to £6.5 million. Its 14.4% margin was among the highest in the rankings. GKR Scaffolding climbed from ninth to eighth, with a 21% increase in turnover to £31.3 million. The Kent-based firm tripled its pre-tax profit to £3.4 million, although it flagged challenges such as higher shipping costs and the ongoing labour shortage. The only new entrant this year, Palmers Scaffolding, came in at ninth place. The Chester-based company recorded a 43% rise in revenue to £23.8 million, with a solid pre-tax margin of 8.5%. Not every firm saw growth. PHD Modular Access dropped to tenth place after revenue fell by 23% to £22.9 million. Its pre-tax profit also slipped slightly to £1.5 million, reflecting a tough year for the company.
6. <https://www.reuters.com/world/uk/uk-construction-sector-tumbles-costs-pressure-job-cuts-intensify-pmi-shows-2025-04-04/> - In March 2025, the UK construction sector experienced a significant contraction, with civil engineering activity declining at its fastest pace since October 2020, driven by weak order volumes and a lack of new infrastructure projects. According to the S&P Global/CIPS UK Construction Purchasing Managers' Index (PMI), the industry scored 46.4, slightly above expectations but still below the 50 threshold indicating contraction. Rising payroll costs, impacted by increased employer social security contributions, contributed to hiring freezes and job cuts—the sharpest decline in employment in over four years. Overall order volumes fell for the third consecutive month. Commercial building activity dropped at its steepest rate since January 2021, while house-building saw a slower contraction compared to the previous month. Business optimism hit its lowest level since October 2023, with only 40% of firms expecting output growth over the next year. Despite this, the broader all-sector PMI rose to 51.0, buoyed by strong performance in the services sector.
7. <https://www.reuters.com/markets/europe/uk-construction-grows-house-building-decline-steepens-pmi-shows-2024-12-05/> - In November, the UK construction industry's activity grew but was uneven, as residential house-building declined due to high interest rates, according to the S&P Global/CIPS UK PMI. The index rose to 55.2 from 54.3 in October, driven by strong demand in commercial and civil engineering projects. The Bank of England is expected to maintain interest rates, following a reduction in November. Commercial construction grew at its fastest since May 2022, while residential construction saw its steepest decline since June, affected by high borrowing costs and low consumer confidence. Business confidence in the construction sector fell to its lowest since October 2023, with new work momentum lost and rising employment costs. Employment saw a marginal rise, but job creation slowed, partly due to high labor costs. Input prices, driven by raw material costs and expected labor cost increases, saw their sharpest rise since May 2023. A separate PMI survey indicated broader economic concerns over rising employment costs, with the all-sector PMI falling to a one-year low.