

Report

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M&E Contracting in the UK

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PREFACE

This publication concentrates on specific M&E contracting companies and is an update of the previous edition completed in October 2001. The report is based on returns from nearly 200 companies within the industry. A copy of the postal questionnaire is shown in Appendix A. The addressee would be either the person who is the marketing manager, sole director or equivalent. ECA and HVCA provided BSRIA with a list of individuals; however, this is often not the person who completes the questionnaire on behalf of their company.

The raw data for the survey is held by BSRIA and cross-tabulations can be obtained on many data items from the survey.

Other related reports available from BSRIA are Contract Maintenance 2004 and M&E Contractors KPI 2005 Handbook.

ACKNOWLEDGEMENTS

BSRIA would like to thank their partners in the research study, the HVCA and ECA for their kind sponsorship of the project.

METHODOLOGY

BSRIA used information from the DTI, National Data Resource for SummitSkills report¹ 2005 and BSRIA research, to ascertain the best estimate of the UK M&E market.

BSRIA's forecasts are based on construction activity levels, GDP growth, legislation, and BSRIA's own research. Other minor factors are also taken into account such as shortage of skills and government incentives.

All figures are for Great Britain and for the year 2004 unless otherwise stated.

CHANGES FROM THE LAST REPORT

All the data has been recalculated based on DTI data² and from the Labour Force Survey. This has introduced significant changes from the previous report. Readers are advised not to compare the two reports in order to develop a historical trend, but to refer to Section 4.

There is also a change in presentation: with all companies with >115 employees shown as large M&E, and not separated between the two disciplines.

¹ A National Data Resource for SummitSkills April 2005

² Construction Statistics

CONTENTS

1	INTRODUCTION	1
1.1	Purpose of the report	1
1.2	Sample	1
1.2.1	Presentation	1
1.2.2	Classification	2
2	MARKET SIZE	3
2.1	Size and structure	3
2.1.1	Industry size	3
2.1.2	Market structure	3
2.1.3	Subcontracted work	4
2.1.4	Specialisation	4
3	MARKET SECTORS	7
3.1	Main market sectors	7
3.2	Housing	8
3.2.1	Housing: new, repair and maintenance	9
3.3	Non residential	9
3.4	Infrastructure	11
3.4.1	Sector analysis	11
4	MECHANICAL & ELECTRICAL CONTRACTOR FORECAST TO 2007	13
4.1	Introduction	13
4.1.1	Housing	13
4.1.2	Non-housing	14
5	SOURCE OF WORK AND PROCUREMENT METHOD	17
5.1	Source of work	17
5.2	Procurement	18
5.3	Style of procurement	19
6	LOCATION OF WORK	21
6.1	Work by region	21
7	EMPLOYMENT	22
7.1	M&E employment	22
7.2	Specialisation	23
8	KEY ISSUES IN THE INDUSTRY	24
8.1	Context	24
8.1.1	Construction and the economy	24
8.1.2	Competitive situation	24
8.1.3	PESTEL analysis	26
8.2	Best practice	28
8.2.1	Initiatives used	28
8.2.2	Technology and energy issues	29
8.3	Service and satisfaction	31
8.3.1	Problems facing the industry	31
8.3.2	Client satisfaction	33
9	NATIONAL M&E CONTRACTORS	36
9.1	Turnover	36
9.2	Ultimate holding companies	40

9.3 Branch locations.....	41
9.4 Profitability	43
9.5 Employment.....	46
9.6 Sales per employee.....	47
10 ACCOUNTS FOR MAJOR CONTRACTORS	48
10.1 Individual major M&E contractors	49

APPENDICES

APPENDIX: A EXTRA TABLES FOR CHAPTER 2.....	67
APPENDIX: B EXTRA TABLES FOR CHAPTER 9.....	68
APPENDIX: C REFERENCES	71
APPENDIX: D QUESTIONNAIRE.....	72

TABLES

Table 1.1 Sample of large M&E contractors.....	2
Table 2.1 Turnover in the M&E contracting market, £ million.....	3
Table 2.2 Structure of the M&E sector, 2004.....	4
Table 2.3 Amount of work subcontracted by size and type of firm, £ million, 2004.....	4
Table 2.4 Specialisation by type of company, 2004.....	5
Table 2.5 Specialisation of mechanical and electrical work, gross, £ million, 2004.....	5
Table 2.6 Subcontracted work, 2004.....	6
Table 3.1 Work done by volume, £ million, 2004.....	7
Table 3.2 Total output by type of company, %, 2004	7
Table 3.3 End sector of work, 2000 and 2004.....	7
Table 3.4 Type of housing work by volume, % , 2004	8
Table 3.5 Analysis of private and public housing by type of company	8
Table 3.6 Housing new build, RM&I, by sector, 2004	9
Table 3.7 Non residential work by volume, 2004	9
Table 3.8 Non-residential new build and major refurbishment work.....	10
Table 3.9 Non residential repair and maintenance work	11
Table 3.10 M&E work within infrastructure.....	11
Table 4.1 M&E sector historical data, current prices, £ million.....	13
Table 4.2 M&E sector forecast data, constant (2004) prices, £ million	13
Table 4.3 Housing historical data for M&E contractors, current prices, £ million	13
Table 4.4 Housing forecast data for M&E contractors, constant (2004) prices, £ million.....	14
Table 4.5 Historical non-housing new build and major refurbishment, current prices, £ million	14
Table 4.6 Forecasts non-housing new build and major refurbishment, constant prices (2004), £ million	15
Table 4.7 Historical non-housing repair and maintenance, current prices, £ million.....	16
Table 4.8 Forecast non-housing repair and maintenance, constant (2004) prices, £ million ..	16
Table 5.1 Source of work, 2004	17
Table 5.2 Source of work by type of work, ≤114 employees only.....	18
Table 5.3 Type of procurement, %, 2004.....	18
Table 5.4 Procurement by type of work, firms ≤ 114 employees only, 2004.....	19
Table 5.5 Style of procurement, 2004	19

Table 5.6 Style of procurement by partnering, 2004.....	20
Table 6.1 Significance of each region by type of contractor, %, 2004.....	21
Table 6.2 GB and Northern Ireland output, £ million	21
Table 7.1 Type of mechanical and electrical employment, June 2004.....	22
Table 7.2 Female employment rates, June 2004	22
Table 7.3 Specialisation within the mechanical sector.....	23
Table 7.4 Specialisation within the electrical sector	23
Table 7.5 Proportion of self employed and trainees by sector	23
Table 8.1 The M&E industry, construction and the economy, 2004.....	24
Table 8.2 PESTEL analysis for the M&E industry	27
Table 8.3 Problems for M&E contractors by size and type of firm	35
Table 9.1 Top M&E contractors by turnover over £20M, 2004.....	37
Table 9.2 Turnover and market growth of major contractors.....	38
Table 9.3 Turnover trend for large M&E companies (£ million), 1999 to 2004.....	38
Table 9.4 Trend, 1999 to 2004	39
Table 9.5 Ownership of M&E contractors	40
Table 9.6 Number and location of branches of the largest M&E contractors, 2005	42
Table 9.7 Pre-tax profitability	44
Table 9.8 After-tax profitability	45
Table 9.9 Comparison of number of employees for national M&E contractors, 1997 to 2004	46
Table 9.10 Comparison of sales per employee for M&E contractors, 1997 to 2004	47
Table 10.1 Company accounts for Axima	49
Table 10.2 Company accounts for N.G. Bailey.....	50
Table 10.3 Turnover and number of employees Balfour Kilpatrick	50
Table 10.4 Company accounts for Briggs & Forrester.....	51
Table 10.5 Company accounts for Cegelec	51
Table 10.6 Company accounts for T Clark.....	52
Table 10.7 Company accounts for Dodd Group.....	52
Table 10.8 Company accounts for EMCOR Drake and Scull	53
Table 10.9 Company accounts for Farebrother Group	53
Table 10.10 Company accounts for FES Ltd	54
Table 10.11 Company accounts for Goodmarriott & Hursthouse Ltd	54
Table 10.12 Company accounts for Gratte Brothers	55
Table 10.13 Company accounts for Haden Young.....	55
Table 10.14 Company accounts for Hills Electrical.....	56
Table 10.15 Company accounts for Hilton Building Services	56
Table 10.16 Company accounts for Inviron	57
Table 10.17 Company accounts for Lorne Stewart	57
Table 10.18 Company accounts for Michael J Lonsdale.....	58
Table 10.19 Company accounts for Meica.....	58
Table 10.20 Company accounts for MITIE Group.....	59
Table 10.21 Company accounts for Mowlem Technical Services	59
Table 10.22 Company accounts for Phoenix Electrical	60
Table 10.23 Company accounts for Rotary Group.....	60
Table 10.24 Company accounts for Rosser and Russell	61
Table 10.25 Company accounts for Robert Prettie.....	61
Table 10.26 Company accounts for RTT Group	62
Table 10.27 Company accounts for SEC	62
Table 10.28 Company accounts for Skanska Rashleigh Weatherfoil.....	63
Table 10.29 Company accounts for Shepherd Engineering Services.....	63
Table 10.30 Company accounts for Staveley Industries	64
Table 10.31 Company accounts for Thermal Transfer.....	64
Table 10.32 Company accounts for United House.....	65

FIGURES

Figure 2.1 Percentage of work done, gross, 2004	6
Figure 3.1 Work by sector, %, 2004.....	7
Figure 3.2 Infrastructure work done by sub sector.....	12
Figure 5.1 Source of work, 2004.....	17
Figure 8.1 Competitive context for the M&E industry	25
Figure 8.2 Basis for M&E contractor selected	26
Figure 8.3 Effectiveness and frequency of use of best practice initiatives.....	28
Figure 8.4 Effectiveness of use of best practice initiatives by type of contractor	29
Figure 8.5 Environmental status.....	30
Figure 8.6 Problems for M&E contractors by size and type of firm.....	32
Figure 8.7 Comparison of seven aspects of payment	33
Figure 8.8 Comparison between client satisfaction scores over time.....	33
Figure 8.9 Eighteen aspects of service – comparison scoring 8 or more	34
Figure 9.1 Turnover trend for large M&E companies, 1999 to 2004.....	39
Figure 9.2 Analysis of head office locations	43

1 INTRODUCTION

1.1 PURPOSE OF THE REPORT

The survey results provide primary research on the M&E industry to show:

- New, improvement and repair and maintenance work separately classified
- Amount of work by type of company and by detailed sector
- Source of work and procurement patterns
- Company data by turnover
- Employment by occupation type
- Region where work is undertaken

Most of the information has been assessed by size of company.

1.2 SAMPLE

The survey was undertaken by post and nearly 200 companies responded to the survey, spread across all sizes of firms.

1.2.1 Presentation

The following notes should help the reader understand the report.

Turnover and output

Net output, which is measured here, is not the same as turnover. In its data for the construction industry, the DTI removes double counting of subcontract work and presents the figures in an appropriate way for National Accounts. BSRIA has followed the same convention, but has also added in relevant unregistered and miscellaneous companies to give a fuller view of the market.

For the M&E industry the total turnover was £26 billion in 2004, but the output was measured at £20 billion excluding sub contracting within the sector whether by self employed labour or firms.

Table 1.2 Summary of information

Dates	All data in the report refers to 2004 unless otherwise specified
Geographical coverage	All data relates to GB unless indicated otherwise
Percentages	Most data is given to the nearest whole percentage point. Because of rounding not all columns or rows add to 100%
Type of company	The data is divided between "mechanical", "electrical" and large M&E contractors (>114 employees). The definition is according to the largest business type and then by number of employees.

Source: BSRIA 2004

1.2.2 Classification

Although the study attempted to provide a detailed picture of the industry, a sample of 200 did not allow the authors to look at the industry accurately at every sub sector and some had to be amalgamated. All companies with > 114 employees are grouped together as M&E (see Table 1.1), since the majority are now integrated companies. However, in smaller firms (with <114 employees) there is much less integration and firms have been classified according to whether the majority of turnover (>50%) is attributed to mechanical or electrical work.

The reader should note that the Direct Labour Organisations of local authorities and the regional electricity companies, have been excluded from this report.

Table 1.1 Sample of large M&E contractors

	No. in sample	%
Mechanical specialists, ie. >80% mechanical work	6	26%
Mechanical dominant, ie. 67-80% mechanical work	2	9%
True M&E	11	48%
Electrical dominant, ie. 67-80% electrical work	1	4%
Electrical specialists, ie. >80% electrical work	3	13%
Total	23	100%

Source: BSRIA