Top 30 UK M&E Contractors

April 2021

GH Engage

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This is the 2nd annual GHCS Top 30 UK M&E Contractors report and I'm pleased to say that this year we have collaborated with the Building Engineering Services Association (BESA). **Jason Hemingway** commented that *"BESA are delighted to be working with GHCS on this, we see it as a really important barometer for the state of the market and a captivating read."*

The construction industry has had a taxing year with a storm of issues to deal with, which arguably could be once-in-a-generation occurrences. Brexit was difficult – uncertainty over material availability, labour issues and price pressures was a challenge. However, add COVID-19 in to the mix and it almost felt like we had inadvertently wandered in to a tunnel equipped with no lights, no sense of smell, blocked ears and a complete bewilderment as to how we can get to the other side and how long the journey would take. The majority of us were pleasantly surprised to find that we had made the crossing and the tumultuous journey was over. However, despite a successful passage we now find that there is significant damage to ourselves and to the world as we know it. We managed to lose a limb in the tunnel, we have suffered mentally and our shoes don't match. The 'other side' is battered and bruised, lacking in confidence and uncertain about it's future. But, we are still here, and that is an excellent starting point.

This is the Top 30 back in 2007, which I re-presented in 2020. For no reason other than nostalgia it is re-re-presented in this report.

RANKING 2020	RANKING 2019	RANKING 2007	CONTRACTOR	TURNOVER £000 2020	TURNOVER £000 2019	TURNOVER £000 2007
1	1	1	NG Bailey	573,400	555,700	466,721
-	-	2	Dalkia	-	-	428,311
-	-	3	Emcor Group	-	-	378,699
6	3	4	Skanska Rashleigh Weatherfoil	230,260	377,230	325,468
-	-	5	Balfour Kilpatrick	-	-	316,100
4	N/A	6	Southern Electric Contracting	306,000	319,000	306,151
-	-	7	Haden Young	-	-	288,999
-	-	8	Mitie Engineering Services	-	-	281,600
3	5	9	Crown House	315,100	294,000	211,873
-	-	10	Withdrew from Table	-	-	206,079
5	4	11	T Clarke	231,900	334,600	193,845
-	-	12	Interserve Specialist Services	-	-	190,200
2	2	13	Imtech Technical Services	425,046	470,326	179,051
-	-	14	GSH	-	-	157,401
-	-	15	Integral UK	-	-	147,531
-	-	16	Staveley Engineering Services	-	-	146,522
-	-	17	Inviron	-	-	119,750
7	6	18	Briggs & Forrester	223,160	262,160	114,333
-	-	19	Forth Holdings	-	-	104,006
9	14	20	Gratte Brothers	181,090	121,790	102,664
13	9	21	Michael J Lonsdale	139,564	180,170	99,985
12	8	22	Shepherd Engineering Services	145,750	197,720	88,849
10	10	23	Dodd Group	160,360	158,790	75,881
-	-	24	EIC	-	-	72,828
-	-	25	Thermal Transfer	-	-	67,015
-	-	26	Mears	-	-	61,181
-	-	27	Environmental Property Services	-	-	59,624
-	-	28	Norstead M&E Engineering	-	-	51,394
-	-	29	Nomenca	-	-	45,312
26	N/A	30	Derry Building Services	60,320	57,120	40,849
					Sector Total	5,328,222

RANKING 2020	2019	2007	CONTRACTOR	TURNOVER £000 2020	2019	2007
1	1	1	NG Bailey	573,400	555,700	662,744
-	-	2	Dalkia	-	-	608,202
-	-	3	Emcor Group	-	-	537,753
6	3	4	Skanska Rashleigh Weatherfoil	230,260	377,230	462,165
-	-	5	Balfour Kilpatrick	-	-	448,862
4	N/A	6	Southern Electric Contracting	306,000	319,000	434,734
-	-	7	Haden Young	-	-	410,379
-	-	8	Mitie Engineering Services	-	-	399,872
3	5	9	Crown House	315,100	294,000	300,860
-	-	10	Withdrew from Table	-	-	292,632
5	4	11	T Clarke	231,900	334,600	275,260
-	-	12	Interserve Specialist Services	-	-	270,084
2	2	13	Imtech Technical Services	425,046	470,326	254,252
-	-	14	GSH	-	-	223,509
-	-	15	Integral UK	-	-	209,494
-	-	16	Staveley Engineering Services	-	-	208,061
-	-	17	Inviron	-	-	170,045
7	6	18	Briggs & Forrester	223,160	262,160	162,353
-	-	19	Forth Holdings	-	-	147,689
9	14	20	Gratte Brothers	181,090	121,790	145,783
13	9	21	Michael J Lonsdale	139,564	180,170	141,979
12	8	22	Shepherd Engineering Services	145,750	197,720	126,166
10	10	23	Dodd Group	160,360	158,790	107,751
-	-	24	EIC	-	-	103,416
-	-	25	Thermal Transfer	-	-	95,161
-	-	26	Mears	-	-	86,877
-	-	27	Environmental Property Services	-	-	84,666
-	-	28	Norstead M&E Engineering	-	-	72,979
-	-	29	Nomenca	-	-	64,343
26	N/A	30	Derry Building Services	60,320	57,120	58,006
					Sector Total	7,566,075

This table represents the Top 30 back in 2007, but it has been adjusted to reflect inflation at an average of 2.8% over the past 14 years. This gives us current day figures to make the table more relative.

This is my **2021 Top 30 UK M&E Contractors** table by turnover.

There is a common theme of reduced turnover for many contractors this year, whereas last year most businesses had experienced good growth.

RANKING				TURNOVER £000		
2020	2019	2007	CONTRACTOR	2020	2019	2007
1	1	1	**NG Bailey**	573,400	555,700	466,721
2	2	13	**Imtech**	425,046	470,326	179,051
3	5	9	**Crown House**	315,100	294,000	211,873
4	N/A	6	**SSE Contracting**	306,000	319,000	306,151
5	4	11	**T Clarke**	231,900	334,600	193,845
6	3	4	**Skanska Rashleigh Weatherfoil**	230,260	377,230	325,468
7	6	18	**Briggs & Forrester**	223,160	262,160	114,333
8	7	NEW	**SPIE**	191,160	229,040	-
9	14	20	**Gratte Brothers**	181,090	121,790	102,664
10	10	23	**Dodd Group**	160,360	158,790	75,881
11	13	NEW	**Phoenix**	148,120	124,890	-
12	8	22	**SES**	145,750	197,720	88,849
13	9	21	**Michael J Lonsdale**	139,564	180,170	99,985
14	11	NEW	**Vital Energi**	136,900	134,160	-
15	16	NEW	**Designer Group**	104,390	103,000	-
16	15	NEW	**Dornan Engineering**	90,810	107,700	-
17	19	NEW	**Borough Engineering**	85,640	80,300	-
18	12	NEW	**Essex Services Group**	85,100	126,200	-
19	24	NEW	**Halsion**	81,240	58,457	-
20	20	NEW	**Bancroft**	78,880	77,650	-
21	N/A	NEW	**King & Moffatt UK**	64,595	27,632	-
22	22	NEW	**Sudlows**	64,530	64,530	-
23	23	NEW	**Gloster MEP**	63,220	63,214	-
24	17	NEW	**HE Simm**	62,320	99,731	-
25	N/A	NEW	**Dowds Group**	61,200	41,200	-
26	N/A	30	**Derry Building Services**	60,320	57,120	40,849
27	18	NEW	**Cilantro**	60,050	82,300	-
28	N/A	NEW	**CMB Enginering**	56,840	82,248	-
29	21	NEW	**LJJ**	53,920	66,810	-
30	N/A	NEW	**Swiftline Engineering**	51,257	46,413	-
			Sector Total	4,532,122	4,944,081	

2020 Challenges

The Top 30 M&E contractors survey shows an unsurprising average annual drop in turnover of 9.1%. Compare that to the previous year, where the average growth was 10.2%, shows that the industry has contracted by 19.3% in very simple terms. The fundamental reason for the decline in the market is due to COVID-19 disruption, but other major issues have also contributed to the challenges of the past 12 months such as; Brexit, commodity price rises and a European labour exodus. However, businesses have clearly adapted strongly because we have not seen any major casualties and there are no mass redundancies that you'd usually expect to see in this climate.

This indicates that medium and long-term confidence is good, but that it is time to innovate, step back, and really look at how to run a company moving forward. **Andy Hider, Managing Director of ESG**, advocates this approach and has advised that*; "During the last 12 months we took some time to do a 'root & branch' analysis of our entire operation to ensure we are living up to our core values and delivering on the promises we make to our clients. We designed a 'Back to Basics Plan' and we have identified three complimentary areas to focus on in terms of enhancing project delivery:*

2020 Challenges (cont….)

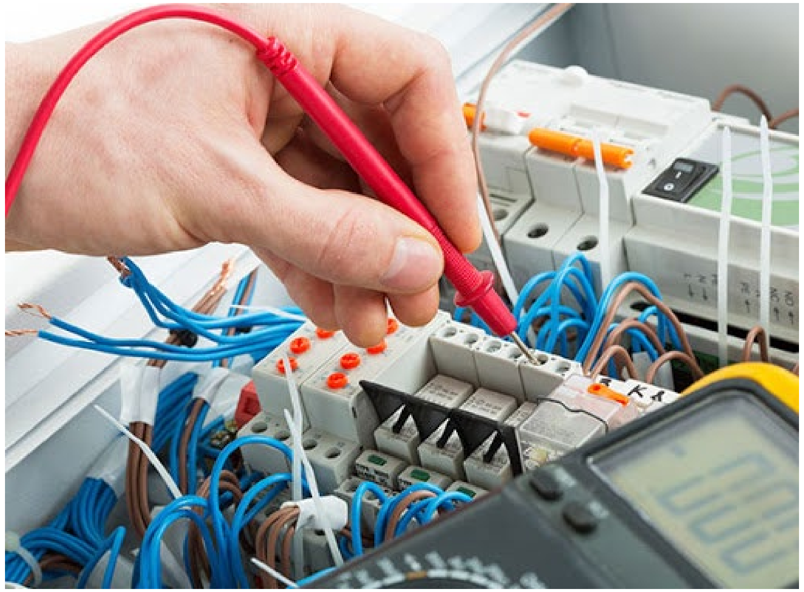
a. ***Engineering Excellence** with a 'get it right first time' approach.*

b. *Embedding an end-to-end **Modern Methods of Construction** philosophy, starting and ending in the digital environment with advanced off-site assembly processes maximised in between.*

c. *We've dabbled with **Lean** in the past, particularly Collaborative Planning. We need to start recording outputs to measure productivity so we are going to revamp our project controls procedures so that we can accurately measure our outputs and start driving improvements in productivity levels and improve programme certainty.*

Construction isn't alone when it comes to having to think outside the box. Every industry sector has their moment when they need to reflect. Technically, we are not in a recession. Despite this, we are in a period of financial insecurity – many projects are mooted, everybody is tendering like crazy, but the general consensus appears to be hesitancy when attempting to secure a contract. This is not unusual even in the good times, but confidence needs to be restored in order to provide some long-term certainty for businesses moving forward.

Skills investment



It is no secret that the issues that have reared their heads in 2020 are not going to be short-lived as the industry is evolving and we need to maintain viability of real estate and infrastructure schemes. How is this possible when we have no control over material rises? No short term labour to fill in for the skilled tradesmen that we have lost? MEP contractors margins are wafer-thin as it is and therefore the only options are to be proactive with upskilling the labour market and innovating when it comes to engineering.

Founding Director at ROC MEP, Declan Roche, believes that we can no longer rely on European labour and that their focus *"…is on recruiting apprentices through local vocational schemes and mentoring them through the business."* Declan feels that *"…as an industry we should be spring boarding off the positive image construction has received in the past year to attract young exciting talent to our industry."*

Jason Hemingway adds that "*What gives me real encouragement was the feedback from the contractors we interviewed for this report about their commitment to investment in skills and training, with a real focus on the skills gap, ensuring that their businesses embraced apprenticeships to develop and nurture the young talent and next generation. BESA are fully committed in this area too through the BESA Academy and so it was great to hear from the market that we are all aligned.*

What does the future look like?

Last year I envisaged that data centres, infrastructure and mid-market/PRS/affordable housing residential units would lead the way in the medium term. **Andy Hider** echoes this, but interestingly he also states that *"the commercial office fit-out market is particularly hot..."* This seems to be a consistent message across many businesses and is contradictory against previous predictions that the office is doomed. It also indicates that many people and professions are keen to get back to normal, get in to a physical work environment and deal with the future, now.

Both the Building Safety Bill and Hackett Report has highlighted some serious deficiencies in the industry, which **Andy Hider** believes *"are partly due to the fact that the industry is so price-sensitive. Collaborative procurement routes, early engagement and appropriate risk-transfer diminish when Contractors are pulled into a 'race to the bottom'; alternative suppliers, products and details are accepted in order to make ends meet."* This is just simply not an option moving forward particularly as the construction industry is under the spotlight at the moment. Construction is a critical industry in the UK and therefore it will be supported during downturns with public sector investment. If commodity prices settle, entice and train a domestic workforce and continue to develop a digital building environment then the industry has the potential to continue to serve and grow.

Accompanying Notes

This list is indicative, it is not exhaustive or definitive and is the opinion of Gokhan Hassan, who compiled the data.

The data has been compiled from a mixture of accounts provided directly by contractors and financial information available publicly.

The contractors identified are those whose core services are within the M&E construction installation sector, some of whom also offer FM services.

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