



# Market Report

A Snapshot of your Market Sector

## Civil Engineering

This pack has been designed to provide information on setting up a business in the **Civil Engineering** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **October 2020**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Civil Engineering market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The civil engineering sector has been relatively buoyant in recent years. New civil engineering construction output rose by **7% in 2018**, with partial year data indicating a further **8% increase for 2019**, taking output to **£24.1 billion**. In the latter two years, growth was largely driven by transport infrastructure work, with both road and rail sectors witnessing major investment programmes. (Intel, *Civil Engineering*, January 2020).
- ◆ Over the five-year period through 2020-21, revenue is forecast to increase at a compound annual rate of 0.5%, whereby contractors' remuneration has trended upwards for most of the period. While new orders did slow amid referendum-related market uncertainty, the infrastructure development order book remained sturdy. The government affirmed its commitment to support economic development by way of sustained infrastructure investment and contract opportunities came from a supportive policy backdrop. Meanwhile, a post-referendum investment cycle translated into industry growth prior to the COVID-19 (coronavirus) pandemic. However, the pandemic has resulted in an economic shock, whereby severe market disruption has induced prevalent profitability concerns and insolvency pressures among civil contractors. In 2020-21, a marked slowdown in civil engineering output is expected to see the industry revenue fall by **12.4% to £34.6 billion**. (IBISWorld, *Civil Engineering Project Construction in the UK*, October 2020).
- ◆ One of the more visible contributions of engineering to UK productivity is the construction of new national infrastructure. In July 2016, the government major projects portfolio had **143 projects worth over £455 billion**. Skills found in the engineering footprint are needed for projects in every category in the portfolio" (Engineering UK, *Engineering UK 2018 Synopsis and Recommendations*) ([tinyurl.com/ycjazcm4](http://tinyurl.com/ycjazcm4)).
- ◆ The national organization for this industry is [Construction Scotland](#). Other industry bodies include the [Civil Engineering Contractors Association \(CECA\)](#), [Scottish Engineering](#), [the Engineering Council](#) and the [Institution of Civil Engineers \(ICE\)](#).

## Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **Mintel – Civil Engineering** (January 2020). Rail represents largest sector for civil engineering construction activity in 2019 Rail transport represents a key sector of UK civil engineering construction activity, accounting for 32% of total output in 2019. Civil engineering construction activity in the rail sector has more than trebled between 2016 and 2019, increasing from £2,377 million in 2016 to an estimated £7,752 million in 2019. This partly reflects the ramping up of activity in Network Rail’s enhancement portfolio for the last control period CP5, which ran from April 2014 to March 2019.
- ◆ **IBISWorld - Civil Engineering Project Construction in the UK** (October 2020). Both employment and enterprise numbers are expected to continue on a downwards trajectory through the near term. While the nature of expected economy recovery remains uncertain as the coronavirus pandemic continues to evolve, and as public health restrictions, for the most part, remain in place as of September 2020, markets will likely remain characterised by below-regular-capacity operations for the foreseeable. Economic recovery remains precarious and, accordingly, private capital investment has taken a hit due to low sentiment, heightened investment risk, economy-wide insolvency pressures, and prevalent cashflow difficulties. However, infrastructure investment is recognised as being a key economic enabler and, as the UK government deliberates a longer-term stimulus response to the pandemic, there has been no suggestion that public capital investment will decline to any significant extent.

There are also a number of online resources you may find helpful:

- ◆ **The Construction Index** regularly publishes data on construction activity. Their latest publication (*UK construction returns to growth*) notes that after three months of decline, new business volumes increased, but only marginally, suggesting that clients remain hesitant and lead times are lengthening ([tinyurl.com/y4xzd4es](https://tinyurl.com/y4xzd4es)).
- ◆ **The Construction Industry Training Board (CITB)** published their *Construction Skills Network Forecasts 2017-2021*. This report gives an overview of the industry, risks and opportunities, sector insight as well as a regional breakdown of construction activity ([tinyurl.com/y87822ua](https://tinyurl.com/y87822ua)).

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**

## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these websites, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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