



Market Report

A Snapshot of your Market Sector

Gas and Central Heating Engineer

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Gas and Central Heating 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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **July 2023**. 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 Gas and Central Heating 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:

- ◆ Revenue is **forecast to have climbed at a compound annual rate of 2.7% over the five years through 2022-23 to £19.7 billion**, including growth of 3.3% in the current year, while the industry's average margin is set to be **10%**. Supportive government policies aimed at bolstering the UK's housing stock have driven revenue growth in line with expanding residential construction activity. However, revenue prospects in the commercial sector have suffered from economic uncertainty, which has weighed on spending and revenue. (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, March 2023).
- ◆ The **residential market** is estimated to account for **48.7% of industry revenue** in 2022-23 (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, March 2023).
- ◆ The success of the central heating industry has largely been built around convincing consumers to change their boiler every **6-10 years for efficiency reasons**. The UK has one of the highest replacement boiler rates in Europe. The message is that any boiler that is ten years or older will almost certainly benefit the homeowner from being replaced with an A-rated condensing boiler. Potentially, this **reduces a gas bill by 32% according to BEAMA**, and such a claim will gain greater public attention as energy prices rise, even if the climate change issues were an insufficient motivation (Mintel, *Plumbing in the UK*, 2022).
- ◆ The dominant fuel type in central heating in the **UK is gas (74% of homes in England and Wales)** though this is dependent on the availability of mains gas. A further **9% of installed systems use electricity only**, 3% use oil, and 1% use tank of bottled gas, with the latter two forms of heating primarily used in remote areas. Electric systems include both an electric boiler and storage heaters (Mintel, *Residential Central Heating and Heat Pumps - UK – 2023*)
- ◆ In Scotland, grant funding for energy efficiency improvements is up to **75% of the combined cost of the improvements**, up to the maximum grant amount of **£7,500, or £9,000** if the household qualifies for the rural uplift under the Home Energy Scotland Grant and Loan Scheme (Mintel, *Residential Central Heating and Heat Pumps - UK – 2023*)
- ◆ The national organisation for this industry is the [Chartered Institute of Plumbing and Heating Engineering \(CIPHE\)](#). Other associations include the [Scotland and Northern Ireland Plumbing and Heating Federation \(SNIPEF\)](#), the [Energy and Utilities Alliance](#), [Scottish Renewables](#), the [Heating Equipment Testing and Approval Scheme \(HETAS\)](#), and the [Association of Plumbing & Heating Contractors \(APHC\)](#).



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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.

- ◆ **IBISWorld – Plumbing, Heating & Air Conditioning Installation in the UK (March 2023).** Ofgem-supported government schemes intended to provide financial incentives to increase the uptake of alternative energy heat by businesses and consumers (e.g. the Domestic and Non-Domestic Renewable Heat) have inflated demand for renewable energy systems. The government's 2050 net-zero emissions target has given impetus to the adoption of renewables within UK households.
- ◆ **IBISWorld – Radiator & Boiler Manufacturing in the UK (April 2023).** House prices are cooling off in 2023-24, after surging in the past two years, limiting expenditure on new boilers. Changes in disposable income and consumer confidence can influence the decision of whether to replace an outdated boiler or spend on a repair service. Demand for repairs is also influenced by the replacement cycle, which is fairly long for many heating systems. Environmental awareness is also an important factor that influences industry demand. High-efficiency condensing boilers are the legal required standard when installing a new domestic boiler. Price also determines demand when choosing between heating systems. As a result, demand for condensing combination boilers has increased in recent years due to their environmental and price advantages over conventional boiler systems.
- ◆ **Mintel – Plumbing in the UK (2022)**- Long-term trends have included a shift towards efficient and compact combi boilers. These are the primary options for new builds and replacement projects because of the savings they provide on space, energy and money, and are now the most common type of boiler installed in UK homes. Smaller, wall-hung combi boilers are also gaining in popularity because of space limitations in UK houses. They are also cheaper to install as they can be carried and fitted by one person.

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

- ◆ The **Department for Business, Energy & Industrial Strategy (BEIS)** publishes quarterly data on Energy Trends looking at the supply and demand of coal, oil, gas, electricity, and renewables in the United Kingdom (tinyurl.com/bddhxpek).
- ◆ The **Scotland and Northern Ireland Plumbing and Heating Federation (SNIPEF)** have a list of technical websites which look at building standards and legislation within the industry (tinyurl.com/3zc4ycj7).
- ◆ **My World of Work** has a range of Career profiles, including for a Gas Service Technician, which looks at UK salary ranges and the number of people currently employed in Scotland, working conditions, skills, and job opportunities (tinyurl.com/2p84drup).
- ◆ **COBRA**, accessed from **National Library of Scotland** (tinyurl.com/32r8wn82) have produced a Business Opportunity Profile for **Gas and Central Heating Engineer**. This includes key market issues and trends, trading, commercial and legal issues and legislation.

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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 or by calling **0300 013 4753**



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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 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 website, 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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