



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 **March 2022**. 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:

- ◆ In 2021-22, revenue is forecast to recover by **2.6%** to reach **£16.5 billion**, a year removed from an estimated **12.6% decline in 2020-21**. The latter is presumed to be almost exclusively due to the Covid-19 pandemic and the effect market disruption had on new business volumes and cashflow, with many customers deferring payments until their financial position improves. However, the essential nature of heating, ventilation, and air conditioning (HVAC) and plumbing services safeguarded any significant decline and affords a platform to the indicative recovery (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, September 2021).
- ◆ The **residential market** is estimated to account for **49.5% of industry revenue** in 2021-22 (IBISWorld, *Plumbing, Heating & Air Conditioning Installation in the UK*, September 2021).
- ◆ Long term product trends include 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 the most common type of boiler installed in UK homes. Smaller, wall-hung combi boilers are also gaining in popularity because of the space limitations in UK houses (Mintel, *Plumbing in the UK*, August 2021).
- ◆ During the winter months, most UK residents (**77%**) use gas central heating to keep warm. The next most common heating source was electric, with a combined share of **7%**. Since 2005, around **95%** of households in the UK have central heating systems (UK Department for Business, Energy, and Industrial Strategy (BEIS), *Energy and Climate Change Public Attitudes Tracker*, May 2021 [accessed via Statista]).
- ◆ With the increased emphasis on global warming and carbon emissions, substantial changes in heating systems are expected across sectors, but the volume of residential installations will make this an important market. While the current strong increases in fuel prices will concentrate people's attention on the efficiency of their heating systems, in reality large-scale change will require government incentives (Mintel, *Mechanical and Electrical Engineering in the UK*, September 2021).
- ◆ 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 (September 2021).** Following the onset of the COVID-19 (coronavirus) pandemic, anecdotal evidence of work-from-home and lockdown orders having put a strain on residential HVAC and plumbing systems, implies demand from the homeowner and landlord market proved more resilient than initially expected. Above-normal use of household utility systems necessitated industry services to ensure safe and working HVAC and plumbing systems worn down by attrition.
- ◆ **IBISWorld – Radiator & Boiler Manufacturing in the UK (June 2021).** 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, as well as house prices. Over the past five years, rising house prices have generated strong demand for new boilers as consumers have sought to increase their homeowner equity.
- ◆ **Mintel – Plumbing in the UK (August 2021).** The market is frequently stimulated by government incentives and schemes to encourage homeowners to replace inefficient old boilers with new products, as part of the increasing focus on carbon emissions. The recent government policy is to encourage the use of alternative technologies such as biomass and heat pumps, but these remain on the periphery of the market. Attention is now turning to the type of fuel used, and with gas the dominant fuel source for central heating, the government is shortly to announce targets for change.

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).

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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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