

# TOP SPECIALIST CONTRACTORS





While Brexit is a worry, their UK focus means most specialist contractors have less to fear than some, and workloads are healthy for now. But there are concerns about the pipeline ahead, and payment issues are a headache, reports **Debika Ray**. Overleaf, all the figures on this year's top firms in nine specialist sub-sectors

**B**rexit has put Britain's specialist contractors in an odd position: on face value they are busy and healthy - Building's annual league table, which ranks firms by turnover according to data from Barbour ABI, showed that the margins of the 15 biggest firms in the nine most important trades rose to 5.3% in 2016/17 from 3.6% for the same companies in the previous period. But Brexit has cast a shadow over the industry, with uncertainty causing concern for many industry leaders.

The enormous variation in margins within each subcontracting category, and the fact that a different set of companies would have made it into last year's tables, means the average margins of the biggest firms are a crude measure of the overall state of the industry. Nonetheless, it is worth noting that the margins for the companies in this year's tables rose between 2015/16 and 2016/17 in all trades except M&E (down from 0.6% to 0.1% on average) and cladding (down from 6.8% to 5.9%). At the top end of the scale, average margins for the largest 15 scaffolding firms leapt from -0.2% a year ago to 7.2%, as table leader Speedy Hire returned to profitability. In other categories, average margin rises ranged from 0.7 percentage points (concrete frame) to 2.4 percentage points (steel frame).

This accounting period overlapped with June 2016's EU referendum, so you could speculate that next year's tables are the ones that will show

the impact of the leave vote. After all, a lot can change in a year: since Barbour ABI put these tables together, Lakesmere - the biggest cladding firm - has collapsed. But anecdotal evidence suggests it's still business as usual for most companies: several top firms are reporting healthy forward order books and plenty of work to go around. This is backed up by research from the Construction Products Association (CPA): senior economist Rebecca Larkin says activity in the industry is "going along at full steam".

But it is hard to ignore the looming spectre of Brexit. Already there have been tangible effects: the weak pound has pushed up materials prices over the past two or three quarters, making projects more expensive for contractors that may

have tendered for jobs before that. But the biggest problem is uncertainty. "What does Brexit mean, and how will it manifest itself? It's a huge unknown," says Brendan Kerr, chief executive of demolition contractor Keltbray. "If we knew it was going to be armageddon, people would cut their cloth to suit, but nobody knows, and the uncertainty is causing confusion."

#### **A downward trend in project value**

Gavin Hamblett, managing director of cladding firm Prater, says its order book is "as strong as ever" but believes the private sector will be hit, as investors become more cautious. "When we look at the value of prospects in the future, we see a downward trend over the next few years."

Anthony Brown, sales and marketing director of fit-out firm BW, says the company has seen no evidence yet of an exodus of banks, for which the firm does a lot of work, and that demand from London's tech companies and alternative workspaces such as We Work is keeping its pipelines healthy. However, he has noted a slowdown among SMEs. "There are a lot fewer projects in the sub 30,000ft<sup>2</sup> market. The fit-out industry as a whole has probably declined by 5% this year, which will have an impact on the size of the industry and therefore how people perform within it."

The CPA's findings support these fears. Larkin says: "Immediately after the referendum, the >>

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**BRENDAN KERR, KELTBRAV**

## THERE HAS DEFINITELY BEEN AN INDUSTRY-WIDE SOFTENING OF EFFORT AND INVESTMENT IN TRAINING AND DEVELOPMENT, AND WE'RE SUFFERING THE CONSEQUENCES

GAVIN HAMBLETT, PRATER

» commercial offices sector had a fall in contract awards, and since then we've had consecutive quarterly falls in orders. So there's nothing really coming through to [replace] the projects happening now." She adds: "We're forecasting quite a steep decline in 2018 as that filters through."

While housing is doing well, buoyed by the extension of the government's Help To Buy scheme, there are risks in this sector too, as inflation begins to hit people's pockets and potential further rises in interest rates make mortgages pricier. Any slowdown in this area is likely to hit repair and maintenance firms.

### Growth set to remain positive

On a positive note, while the CPA forecasts growth across the industry to slow from 0.7% this year to a flat 0% next year, it is not set to dip below that - performance in some sectors will be better than others. The following year, growth is set to rise again, to 2%. And the infrastructure sector, which still has major projects such as HS2 in the offing, is looking in relatively good health. "This is the area where the CPA sees the biggest growth potential," says Larkin. She warns, however, that some government projects are taking longer to deliver than expected, raising questions about capacity, materials and skills between 2018 and 2020.

Larkin's assessment highlights the diverse nature of the specialist contracting sector, and demonstrates why it can be difficult to generalise. This is probably why some are more worried about Brexit than others. "Business has a habit of getting on with stuff and working around the new rules and challenges," says Gary Sullivan, chair of logistics company Wilson James. "Strong businesses will thrive and weaker ones will fall, and it's ever been so." He believes the industry should focus instead on addressing some of its structural weaknesses. "Construction could be a lot more efficient if it adopted the logical practices used in other industries - everything

## A RAY OF LIGHT FROM THE RETENTIONS REVIEW

Last month the government launched a consultation on the practice of cash retentions under construction contracts, after an independent review found that 71% of contractors had experienced delays in receiving retention monies. Cash retentions are deducted from monies due to a construction business, ostensibly to provide security if it fails to return to rectify defects, but Rudi Klein, head of the Specialist Engineering Contractors' (SEC) Group, says the system is "used and abused".

Klein says: "The driver is nothing to do with getting people to come and remedy non-compliant work - they need the money because liquidity in the industry is so dreadful." He cites new research for the government by Pye Tait that showed almost £700m was lost by way of retentions due to insolvencies upstream over a three-year period to 2016. "And of course the bulk of that would be

funded by specialists. That alone justifies the need for a statutory provision to secure those monies. If an apprentice costs £10,000 that could pay for 70,000 apprenticeships," he says, adding: "It's simply time for us to end this system." Klein believes the matter has been made all the more urgent by the problems experienced by large companies such as Carillion and Interserve - which then have an impact on multiple suppliers.

The SEC Group is calling for an obligation to place all cash retentions in a deposit scheme - similar to the one used in the property rental sector - with parties who fail to do so forfeiting their right to deduct retentions. The consultation, which is seeking responses by 19 January 2018, is likely to report later in the year.



See Rudi Klein's column on retentions  
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from retail to aerospace to manufacturing. Everyone uses logistics as a margin improver, except construction," he says.

Then there are the smaller companies that have little skin in the game when it comes to the EU. "There isn't a great deal of concern over Brexit among SME specialists, as most are focused on the UK market," says Rudi Klein, head of the Specialist Engineering Contractors' Group. "Not that it won't [be], but at the moment it's not a major concern."

He is worried, however, about the underlying health of specialists: "The financial state of the industry is unhealthy - the ability to access finance is as bad as it has ever been. More than ever before, directors are having to dig into their own pockets to fund their businesses. We have also been seeing a worsening of

payment cycles for the past few years."

Klein sees the collapse of Lakesmere as a sign of "major challenges ahead". He says: "It was probably down to a combination of factors, but nothing that would be very different from many other companies. The trouble with construction is that one bad contract could mean the end of you - a lot of companies are on a perpetual knife edge." The problems that large contractors such as Carillion and Interserve are having is a concern too, adds Klein, because problems at the top can have a domino effect. To remedy this, he says, "a lot of subcontractors are trying to get into bed directly with clients".

What most agree on is that a skills shortage is a major risk in the coming years - one that cannot be blamed on Brexit, but that may be exacerbated in the long term if workers' freedom of movement from Europe is curtailed. Prater's Hamblett says: "There has definitely been an industry-wide softening of effort and investment in training and development, and we're suffering the consequences. We're not able to dramatically grow our business at the moment, because it's directly linked to the people we can acquire to support that."

But, as ever with the eclectic world of specialist contractors, there are pockets of light - Hamblett sees increasing opportunities in the North-west of England, and Prater is bolstering its presence in Manchester on the back of securing major projects in the city, such as Manchester Airport and Manchester Business School. "The pipeline is growing, and we're growing our presence there in anticipation that the trend will continue."

## THE FINANCIAL STATE OF THE INDUSTRY IS UNHEALTHY - THE ABILITY TO ACCESS FINANCE IS AS BAD AS IT HAS EVER BEEN. MORE THAN EVER BEFORE, DIRECTORS ARE HAVING TO DIG INTO THEIR OWN POCKETS

RUDI KLEIN, SPECIALIST ENGINEERING CONTRACTORS' GROUP



# TOP SPECIALIST CONTRACTORS

## SPECIALIST CONTRACTORS BY DISCIPLINE

### CLADDING, ROOFING AND GLAZING

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Lakesmere		95,618	118,536	2,444	3,541	774	831	Jan-16
2 Prater		105,972	101,709	5,248	5,670	343	357	Dec-16
3 CA Group		58,474	75,090	4,979	7,217	189	210	Sep-16
4 Avonside Roofing		73,136	71,074	4,576	3,446	200	232	Dec-16
5 FK Group		43,001	67,296	1,070	2,072	85	120	Mar-16
6 Briggs Amasco		38,281	37,974	1,818	2,186	255	243	Dec-16
7 Mitie Tilley Roofing		34,376	34,810	1,784	725	191	193	Mar-17
8 Dane Architectural		22,858	27,608	604	2,163	141	148	Dec-16
9 Schneider GB		6,910	26,146	375	1,350	13	19	Dec-16
10 Hathaway Roofing		19,731	25,290	239	458	76	79	Sep-16
11 Cover Structure		20,613	24,342	569	362	33	40	Dec-16
12 NRA Roofing & Flooring Services		22,220	23,247	956	969	75	80	Dec-16
13 Saint Gobain <sup>1</sup>		21,124	21,458	18,112	10,780	271	283	Dec-16
14 English Architectural Glazing		19,671	20,504	1,562	2,226	63	68	Dec-16
15 Richardson Roofing		18,562	20,318	776	1,433	50	49	Aug-16

SOURCE: BARBOUR ABI

<sup>1</sup> SAINT GOBAIN LTD

### CONCRETE FRAME

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Expanded Structures <sup>1</sup>		247,483	281,178	-10,677	-12,992			Mar-16
2 P J Carey		203,071	280,028	4,200	7,825	556	816	Mar-16
3 Byrne Bros (Formwork)		146,291	185,000	2,928	6,042	499	570	May-16
4 C J O'Shea Group		83,069	178,599	6,979	7,515	145	168	Mar-16
5 J Reddington		127,330	160,105	2,957	6,108	109	110	Sep-16
6 Masterson Holdings		155,221	143,966	11,695	9,511	314	291	Aug-16
7 Tamdown Group		130,863	135,720	8,523	12,700	624	708	Sep-16
8 A J Morrisroe & Sons		91,327	123,132	6,119	8,820	63	77	Oct-16
9 Modebest Group		96,336	121,380	1,717	3,918	4	4	Jan-17
10 Foundation Developments		77,559	113,449	1,340	6,786	57	51	Dec-16
11 MPB Structures		71,680	90,494	1,557	2,276	45	52	Jun-16
12 Ground Construction		70,021	85,035	2,191	3,739	62	69	Jun-16
13 Corbyn Construction		33,113	38,457	1,374	3,060	13	12	Jun-16
14 Heyrod Construction		34,400	37,853	3,359	4,563	105	113	Mar-16
15 Natta Building Company		33,062	37,283	360	1,159	114	140	Mar-16

SOURCE: BARBOUR ABI

<sup>1</sup> STAFF EMPLOYED THROUGH LAING O'ROURKE

# TOP SPECIALIST CONTRACTORS



## SPECIALIST CONTRACTORS BY DISCIPLINE

### DEMOLITION

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Keltbray <sup>1</sup>		201,433	247,982	9,382	23,557	765	1323	Oct-16
2 Erith Contractors		101,463	134,492	6,123	8,194	255	285	Sep-16
3 McGee Group		100,516	124,987	4,704	8,386	386	450	Nov-16
4 John F Hunt Demolition <sup>2</sup>		33,994	73,953	2,153	6,505	307	363	Mar-16
5 DSM Demolition		24,883	49,313	8,894	22,967	112	108	Dec-16
6 Brown & Mason		34,992	46,892	1,278	-4,713	290	337	Apr-16
7 Squibb Demolition		40,144	43,420	2,034	914	228	254	Jan-16
8 TE Scudder		24,839	40,711	563	1,392	45	79	Mar-16
9 Hughes & Salvidge		21,271	33,659	2,020	3,928	140	157	Mar-16
10 Cantillon Demolition		20,338	33,503	4,052	4,780	42	57	Jun-16
11 Deconstruct UK		24,954	30,236	2,148	2,336	46	55	Oct-16
12 Coleman & Company		30,274	28,192	1,350	1,034	178	169	Apr-16
13 Cuddy Demolition & Dismantling		36,993	22,432	229	-294	329	271	Jul-16
14 Thompsons of Prudhoe		20,806	22,335	964	1,037	202	209	Mar-16
15 Syd Bishop & Sons		16,635	20,503	211	356	128	131	Sep-16

SOURCE: BARBOUR ABI

<sup>1</sup>JUST DEMOLITION TURNOVER <sup>2</sup>DEMOLITION ONLY

### MECHANICAL & ELECTRICAL

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 NG Bailey		407,500	500,300	6,300	18,600	2,549	2,779	Feb-17
2 Skanska Rashleigh Weatherfoil		274,687	348,052	11,871	1,285	1,012	1,054	Dec-16
3 Integral UK		323,216	343,029	12,159	11,831	3,402	3,419	Dec-16
4 SSE Contracting		353,900	330,000	14,700	-5,000	4,099		Mar-17
5 T Clarke		242,400	278,600	2,800	3,700	1,247	1,331	Dec-16
6 SPIE		283,963	262,976	-11,162	-24,627	3,189	2,675	Dec-16
7 Crown House Technologies		275,834	252,565	-12,623	-13,577			Mar-16
8 Emcor Group		249,470	240,625	5,565	3,873	3,276	3,368	Dec-16
9 Lorne Stewart		200,253	184,923	3,587	1,523	1,210	1,082	Dec-16
10 SES Engineering Services <sup>1</sup>		242,884	159,628	-21,858	-1,468	940	954	Dec-16
11 Briggs and Forrester		164,436	115,105	2,850	1,878	660	743	Oct-16
12 FES <sup>2</sup>		100,878	84,332	726	259			Aug-16
13 Dodd Group (Midlands)		59,911	72,535	1,223	1,391	397	437	Mar-16
14 HE Simm & Son		65,904	69,940	1,574	86	200	259	Jul-16
15 Derry Building Services		49,919	60,313	2,098	2,822	211	222	Aug-16

SOURCE: BARBOUR ABI

<sup>1</sup>WATES M&E DIVISION <sup>2</sup>STAFF SUPPLIED BY FORTH & OBAN, ANOTHER SUBSIDIARY OF FORTH HOLDINGS LTD



## FLOORING

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Creagh Concrete Products		69,796	79,926	4,409	3,288	486	497	Mar-17
2 Kingspan Access Floors		46,370	59,463	3,617	6,629	154	152	Dec-16
3 Westcrowns		34,340	35,237	1,469	1,078	379	396	Mar-16
4 Studwelders Holdings		30,565	33,705	1,789	2,770	142	166	Mar-16
5 Stanford Industrial Concrete Flooring		22,540	31,412	1,416	3,687	45	45	Mar-16
6 Loughton Contracts		29,270	28,208	1,124	958	70	88	Dec-16
7 ABS Brymar Floors		15,913	22,430	437	265	58	64	Jul-16
8 Axiom Group		15,584	19,776	1,002	982	42	47	Nov-16
9 Milbank Concrete Products		21,297	19,236	1,348	1,382	167	166	Dec-16
10 Acheson & Glover Precast		18,441	17,706	28	248	165	178	Mar-16
11 Structural Metal Decks		17,075	17,567	564	290	95	102	Jul-16
12 P Colohan & Co		11,935	12,810	637	1,788	16	16	Dec-16
13 MSWUK		12,470	12,776	1,240	1,479	25	28	Mar-16
14 Veitchi Flooring		12,766	12,617	-20	249	88	91	Nov-16
15 Coltman Precast Concrete		9,579	10,329	20	81	109	112	Mar-16

SOURCE: BARBOUR ABI

## GROUNDWORKS AND PILING

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Advance Construction (Scotland)		133,190	154,589	6,090	6,267	915	1,125	Mar-16
2 Cementation Skanska		72,226	87,792	1,816	4,830	353	383	Dec-16
3 Van Elle		73,586	84,199	7,179	8,445	384	465	Apr-16
4 Roger Bullivant		76,856	76,355	4,954	4,247	493	506	Dec-16
5 Bachy Soletanche		81,412	69,377	198	376	371	329	Dec-16
6 Keller		64,210	68,910	900	17,365	381	370	Dec-16
7 BAM Ritchies		61,882	65,489			415	415	Dec-16
8 Gallagher		49,679	60,921	3,952	3,966			Sep-16
9 McDermott Building & Civil Engineering		41,605	46,831	1,416	2,078	42	66	Oct-16
10 Hydrock Contracting		20,568	34,760	2,019	1,894	97	141	Mar-16
11 Collins Earthworks		32,449	34,598	5,803	5,564	134	206	Nov-16
12 JP Dunn Construction		32,965	34,348	713	346	21	24	Sep-16
13 Churngold Construction		30,662	30,509	1,069	750	157	159	May-17
14 O'Brien Contractors		28,034	29,637	4,667	4,363	56	54	Mar-16
15 Dawson-WAM		13,603	26,746	111	537	80	95	Dec-16

SOURCE: BARBOUR ABI



# TOP SPECIALIST CONTRACTORS



## SPECIALIST CONTRACTORS BY DISCIPLINE

### INTERIOR FIT-OUT

Company	€000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 ISG Fit Out		502,101	553,777	8,216	16,004	470	432	Dec-16
2 Overbury		544,244	541,780	21,688	22,887	555	595	Dec-16
3 BWI Holdings		100,247	100,514	2,686	2,036	104	116	Dec-16
4 Styles & Wood		114,224	100,262	3,771	3,746	339	312	Dec-16
5 Beck Interiors		94,573	82,346	-1,307	6,527	213	203	Dec-16
6 FB Ellmer		85,359	79,814	-2,557	577	147	126	May-17
7 Simpson York		61,187	69,346	1,274	654	180	174	Dec-16
8 Morris & Spottiswood		88,197	67,855	1,514	1,314	340	386	Dec-16
9 MJM Marine <sup>1</sup>		58,894	61,503	4,948	7,448	185	215	Dec-16
10 Havelock Europa		73,125	60,809	-2,955	183	522	414	Dec-16
11 Harvey Shopfitters		48,530	52,985	1,859	2,312	201	152	Dec-16
12 Astins		36,381	47,206	624	1,225	268	220	Dec-16
13 Hutton Construction		62,766	46,707	1,934	898	152	131	Mar-17
14 Thomas Johnstone		42,997	45,715	69	656	184	190	Dec-16
15 Walker Modular		35,949	45,155	5,910	975	164	228	Mar-16

SOURCE: BARBOUR ABI

<sup>1</sup>MJM INTERIOR BUILD FILED AS MJM MARINE BOUGHT MIVAN

### STEEL FRAME

Company	€000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 William Hare Group		179,827	217,767	1,736	2,395	1,744	1,761	Dec-16
2 Severfield UK		140,816	151,897	6,400	7,708	741	759	Mar-17
3 Billington Holdings		54,762	64,291	3,110	3,803	296	340	Dec-16
4 Caunton Engineering		52,379	58,736	1,837	3,346	236	247	Jan-17
5 Walter Watson		45,001	55,348	4,051	6,145	221	247	Dec-16
6 BHC Limited		43,127	53,118	3,078	3,879	303	342	Mar-17
7 Bourne Group Holdings		60,221	47,199	2,272	3,456	182	187	Oct-16
8 Cleveland Bridge UK		51,132	44,167	2,985	3,964	230	229	Dec-16
9 J&D Pierce Contracts		45,802	35,474	8,546	4,664			Jul-16
10 James Killelea & Company		17,670	23,803	699	2,639	107	106	May-16
11 Morgans of Usk		20,250	22,918	863	2,028	80	79	May-16
12 B&K Structures		19,165	22,067	217	316	48	46	Aug-16
13 Mabey Bridge		53,565	21,565	-13,548	-1,121	402	157	Sep-16
14 Elland Steel Structures		22,453	20,170	811	1,115	101	105	Jun-16
15 John Reid & Sons		18,275	18,858	77	250	126	128	Mar-16

SOURCE: BARBOUR ABI



## SCAFFOLDING, ACCESS AND LOGISTICS

Company	£000	Turnover 2015/16	Turnover 2016/17	Pre-tax profit 2015/16	Pre-tax profit 2016/17	Total staff 2015/16	Total staff 2016/17	Year end
1 Speedy Hire		333,400	375,100	-57,600	14,400	2,991	2,934	Mar-17
2 Pyeroy Group		137,001	135,260	12,272	13,943	2,040	2,048	Dec-16
3 Nationwide Platforms		110,902	120,454	20,235	20,554	674	821	Dec-16
4 Wilson James		101,756	117,721	3,113	2,962	2,590	2,882	Jul-16
5 Interserve Industrial Services		110,924	117,627	3,039	2,779	1,270	1,301	Dec-16
6 Lyndon Scaffolding		40,638	41,553	2,657	4,172	578	589	Mar-17
7 Trad Scaffolding		25,022	28,142	2,429	3,966	331	331	Aug-16
8 GKR Scaffolding		20,843	28,036	4,440	6,775	223	284	Oct-16
9 Brogan Group		18,401	24,986	2,783	4,562	157	55	Dec-16
10 Benchmark Scaffolding		16,804	17,772	1,020	1,248	34	203	Jun-16
11 Rilmac		17,957	15,821	465	32	241	249	Aug-16
12 Connect Scaffolding		9,746	13,704	1,924	2,049	125	178	Jan-17
13 D&R Group		9,446	10,198	869	1,391	148	148	May-17
14 Independent Scaffolding Group		8,687	9,504	1,254	1,460	134	140	Apr-17
15 Denholm Industrial Services		5,858	7,759	-389	-1,320	92	134	Dec-16

SOURCE: BARBOUR ABI

## METHODOLOGY

This year's specialists tables were compiled for Building by construction data company Barbour ABI. The list was compiled primarily by using the published report and accounts of the largest specialist contractors, with firms asked to identify themselves for consideration via an online form on the Building website. Where specialists are stand alone parts of larger organisations, the report and accounts used are for the specialist company only. Where those are not published separately, the firms were contacted and asked to complete a survey filling out turnover, pre-tax profit and staffing numbers for that part of the business.

If you believe your company should have been included for consideration please contact Barbour ABI on **0151 3533 500** or **info@barbourabi.com**.

