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Education Construction Market
Research & Analysis
UK 2012

REPORT SAMPLE

Construction in Education Market Size & Industry Review 2006-2012; PEST Analysis & Key Trends 2006-2016; Education Contractor Profiles & Key Financials; Market Forecasts to 2016

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April 2012

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- **Market Size, PEST & Trends – Historical, Current & Future**

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- **Market Structure, Procurement, Budgets & Specification Issues**

The format of this report illustrates the structure of the market, segmented by a number of key end use sectors, highlights key purchasers and specifiers as well as reviewing the capital budgets from 2006 with forecasts to 2016. In addition, the report also analyses key influences on the buying and specification processes - vital for manufacturers to increase sales and market effectively to contractors and clients in this market.

- **Market Leaders Ranking**

This report identifies the key players in the market and ranks them by a number of criteria, including turnover and profitability. This enables the reader to identify the most relevant potential key customers in a market, understand their current position in the market and quickly identify new targets. Also, MTW provide a turnover estimate for every company included in the report, enabling the reader to develop market share estimates.

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2. EDUCATION CONSTRUCTION MARKET 2006-2016

2.1 EXECUTIVE SUMMARY & MARKET OVERVIEW

This report focuses on 'Education Construction Market' in the UK which includes new build and RMI (repair, maintenance & refurbishment) activity by schools, colleges and universities in England, Scotland, Wales and Northern Ireland that receive government funding as well as private organisations which are funded through other means. In 2012, there are an estimated 22,000 educational establishments in the UK and the total UK state education budget is currently worth £65.4 billion, having risen some 23% over the past 6 years. By 2016 the total UK education budget is forecast to reach a value of some £xxx billion having xxxx by just over xx% in the next 4 years.

The English state education budget accounts for roughly xx% of the total UK education budget with a value of approximately £xxx billion in 2012. Scotland receive approximately x% of the total education budget, standing at around £xx billion in 2012. In Wales the education system receives approximately £xx billion, representing some x% of the total market. In Northern Ireland the revenue received is approximately £x billion reflecting a share of some x% of the total UK education budget.

UK state funded education capital expenditure is allocated for investment in infrastructure, existing buildings and construction for all publicly funded schools. Capital expenditure currently represents around x% of the total UK education budget in 2012 with a value of £xx billion. The education capital expenditure budget xxxxxxxx steadily between 2007 and 2010; a xxxx of some x% was seen over this 3 year period mainly due to the xxxxxxxxxxx programme. The 2011 budget allocations xxxxxxx by around xxx% from £xx billion to £xx billion in 2012, mainly due to the public xxxxxxxxxx. It is forecast that the budget allocations for capital spending in education will continue to xxxxx by some x% in 2013 and xx% in 2014 reaching a figure of £xx billion. However by 2015 it is forecast that as the xxxxxx xxxxxx and public xxxxxx xxxxxxx, a xxxxx of some x% is xxxx and, more xxxxx, a xx% xxxxxx is likely by 2016 when the capital expenditure in education budget is estimated to be around £xx billion.

In 2012 construction in all education sectors represents around xx% of the total output of the total construction industry with an estimated value of £x billion. This represents a xxxxxxxx xxxxxxx of xx% since 2006 when the market value was some £xx billion. A xxxxxx of some x% was experienced in 2009 as the value reached £xx billion as the xxxxxxxxxxxxxxxxxxx with a further xxxxxxxx of £xxx million – some 5% of the market - in 2010. In 2011 as the xxxxxxxxxxxxx and the public xxxxxxxxx xxxxxx xxxxxxxx there was a further xxxxxx xxxxxx of some x% in the education construction market.

Forecasts for construction activity in the medium term are xxxxxx xxxxxx, xxxxxx by xxxxx xxxxxx xxxxxx privately funded schools, universities and xxxxxxx Private Finance Initiatives (PFI). Forecasts are for an xxxxxx of just over x% to year end 2012 reaching a value of £x billion, with a further xxxxxxx of some x% in 2013. Longer term prospects remain xxxxx with the construction

in education market estimated to xxxxx from £x billion in 2014 to £xx billion in 2015 representing an xxxxx of x%. In 2016 our forecasts are that the market will stand at a value of just under £x billion, representing an overall xxxxxxxx of some xx% over the next 4 years.

Expenditure on the repair, maintenance & improvement (RMI) of school buildings was approximately £xx million in 2011, having xxxxxx some x% since 2006 when the budget stood at around £xxxx million. From 2007 onwards there have been annual xxxxxx of around x% per year and forecasts are that this trend will xxxxxxx with 2012 spending on RMI reaching approximately £xxx million, xxxxx to £xxxxxx million in 2013. Longer term it is anticipated that annual expenditure will xxxxx at a rate of around x%, reaching £xxx million in 2015 and £xxxxxx million in 2016.

The total revenue received by higher education establishments in the UK stands at around

2.2 UK EDUCATION SYSTEM OVERVIEW

Education in the UK is a devolved matter with each of the constituent countries having separate education systems under separate governments.

The education system in the UK is principally divided into:

- Nursery (ages 3 - 4)
- Primary (ages 4 - 11)
- Secondary (ages 11 -18) from 2013
- Tertiary (ages 18+)
- Special (catering for children with special educational needs)

The table below illustrates the number of educational establishments in the UK by type:

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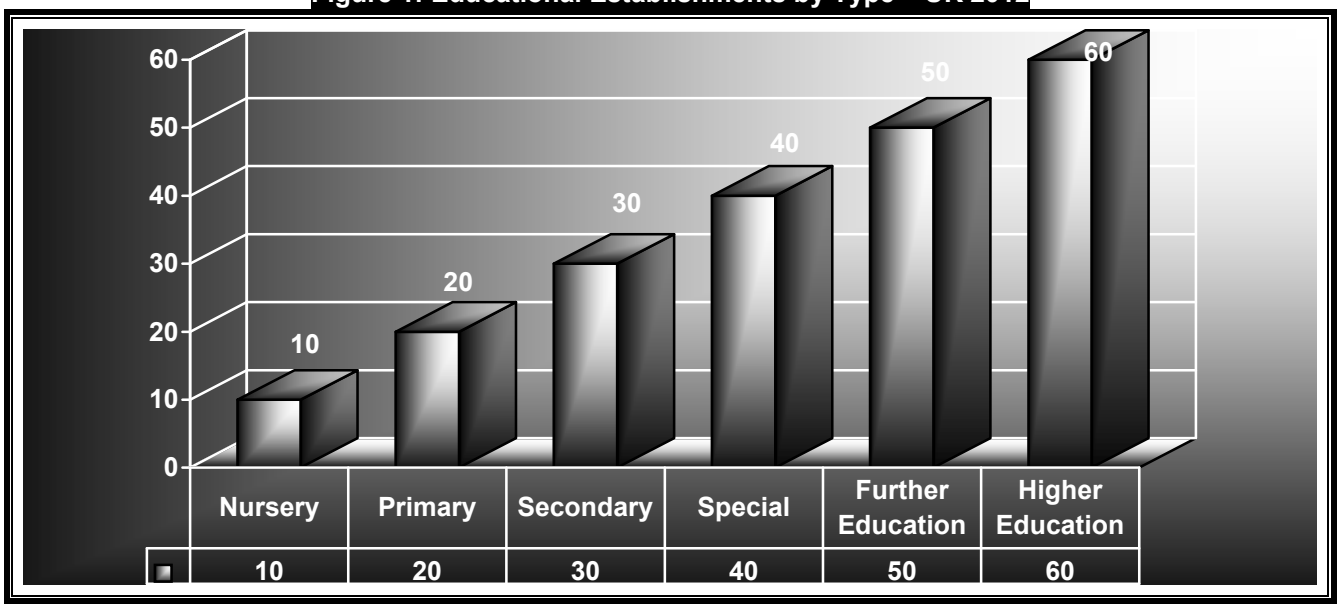
Figure 1: Educational Establishments by Type – UK 2012

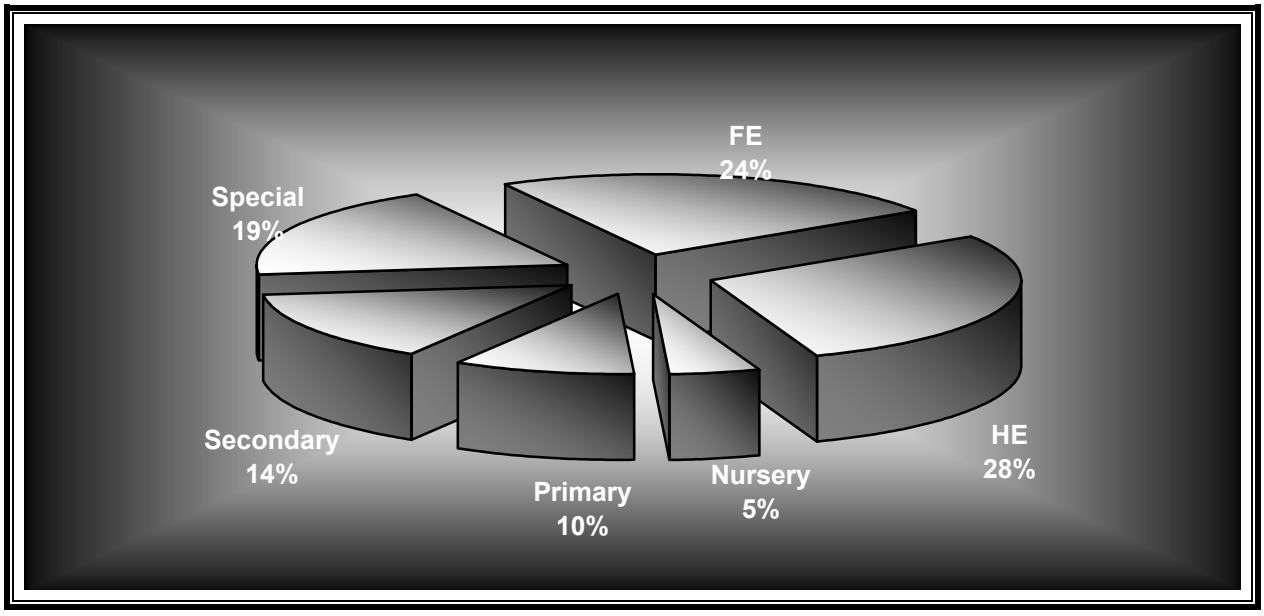


Source: MTW Research / ONS(Figures Changed for Sample Purposes)

As illustrated above, there are an estimated xx,000 educational establishments in the UK in 2012. Due to their usually smaller size, primary schools represent the xxxxxx with an estimated xxx,000 establishments; there are approximately xx secondary schools, xx schools catering for students with special educational needs, xx nursery schools, xx colleges of further education and approximately xxx higher education establishments.

The chart below shows the share of the market by number of establishments:-

Figure 2: Share of Market by Number of Establishments 2012



Source: MTW Research / ONS(Figures Changed in Sample

As the above chart illustrates, approximately x% of educational establishments in the UK are primary schools. Over the medium term this percentage is likely to xxxxxxx as there has been a xxxxxx xxxx xxxxxxx of approximately 90,000 over the past 5 years requiring an estimated xxx primary schools to be built each year.

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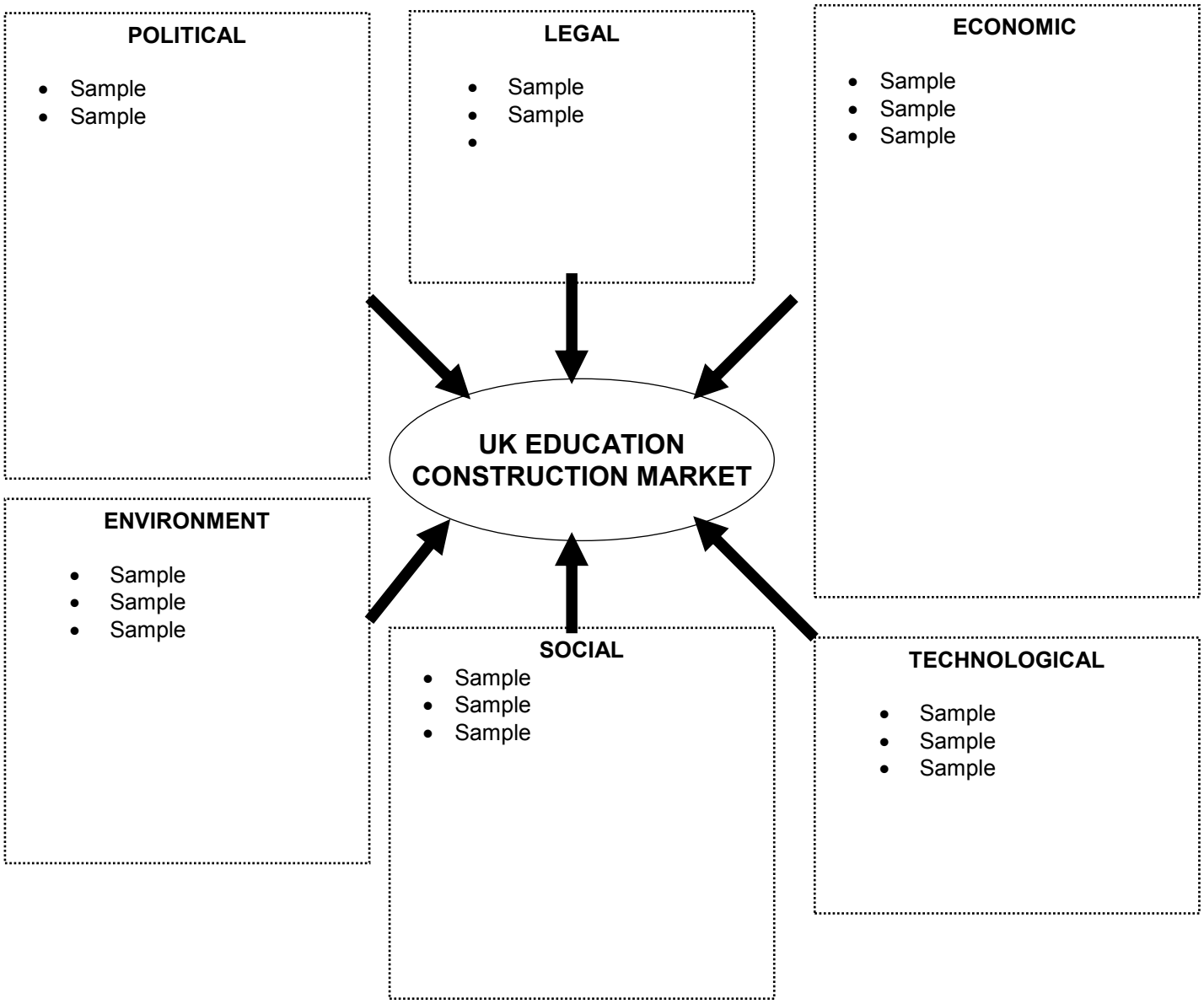
The second largest sector is that of

2.5 INFLUENCES ON UK EDUCATION CONSTRUCTION MARKET

2.5.1 PEST Analysis – Illustration of Key Market Forces

There are a large number of macro market issues and trends which directly or indirectly influence the UK construction in education market. These issues typically relate to political, legal, economic, environmental, social and technological factors. The following diagram provides a brief overview of some of these key issues which are currently impacting the market at present and those which may stimulate or dampen market growth in the future:-

Figure 6: PEST Analysis for UK Construction in Education Market in 2012



Source: MTW Research Strategic Review 2012

Whilst the above diagram is by no means exhaustive, it provides an illustration of some of the key issues impacting the market at present and in the future.

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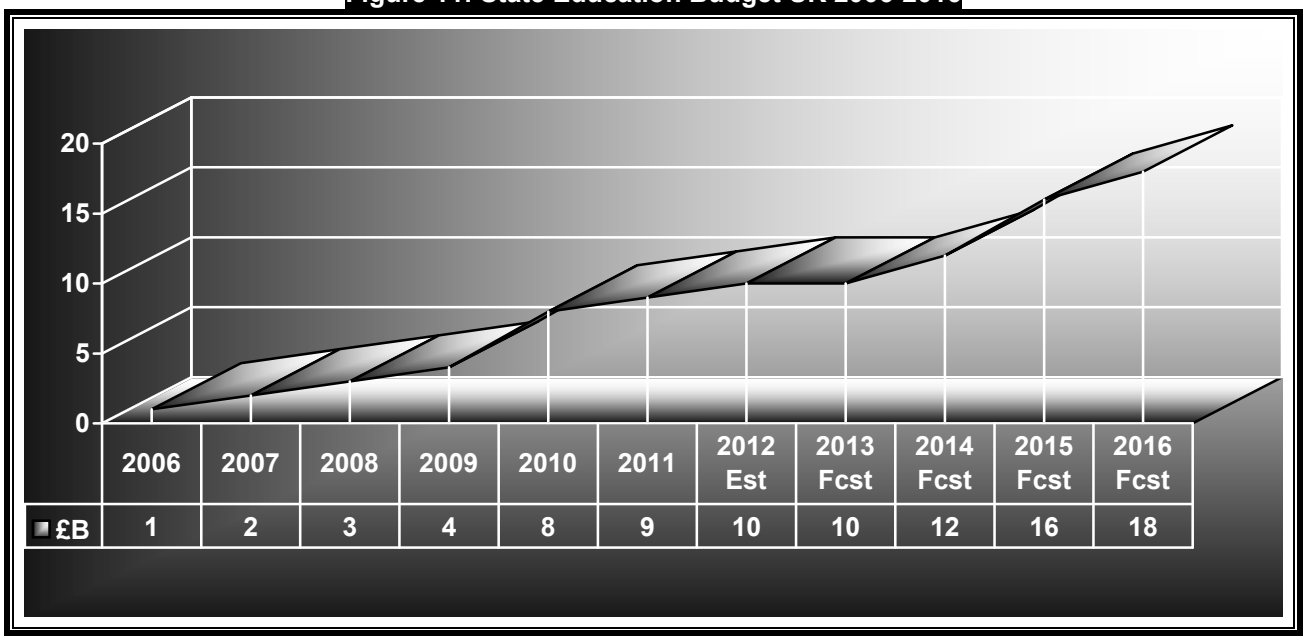
3. EDUCATION CONSTRUCTION MARKET 2006-2016

3.1 UK STATE EDUCATION BUDGET 2006-2016

The table below illustrates the total UK publicly funded education budget from 2006 – 2016.

Figure 11: State Education Budget UK 2006-2016



Source: MTW Research / Trade Sources(Figures changed in Sample)

As the table above illustrates the total

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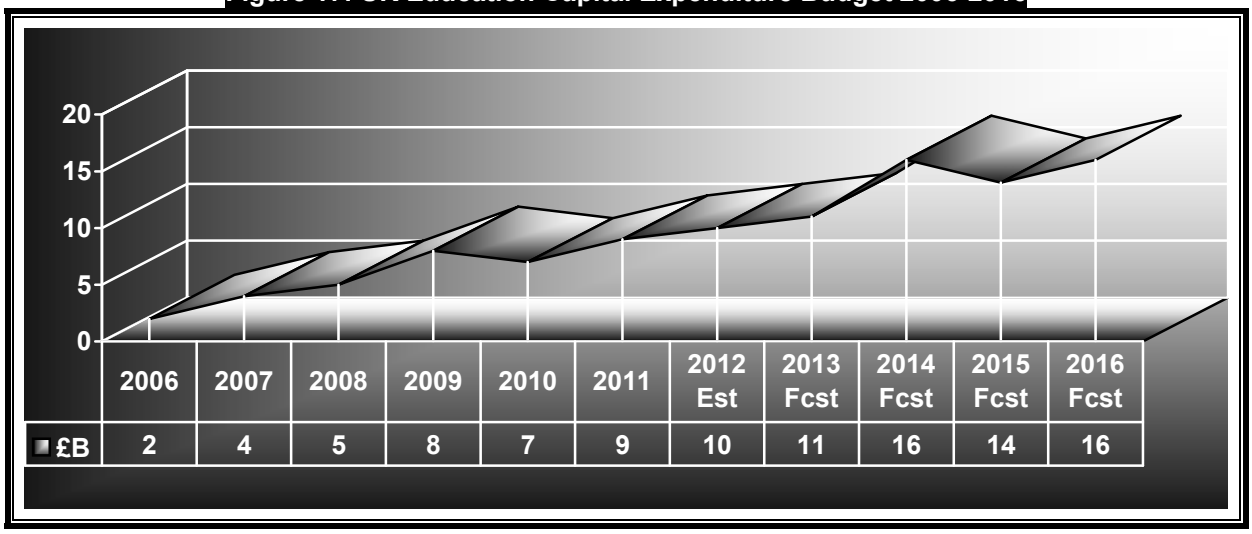
3.3 UK EDUCATION CAPITAL EXPENDITURE BUDGET 2006-2016

The total UK education budget is divided into "Resource" expenditure and "Capital" expenditure. Resource expenditure includes staff salaries, allowances and running costs. Capital expenditure includes investment in infrastructure, existing buildings and construction.

The table below illustrates the total capital expenditure budget for education in the UK from 2006-2016.

Figure 17: UK Education Capital Expenditure Budget 2006-2016



	2006	2007	2008	2009	2010	2011	2012 Est	2013 Fcst	2014 Fcst	2015 Fcst	2016 Fcst
£B	2	4	5	8	7	9	10	11	16	14	16

Source: MTW Research / Trade Sources(Figures Changed in Sample)

The capital expenditure budget represents around x% of the total education budget in 2012 standing at £xx billion. The capital expenditure budget xxxxx steadily between 2007 and 2010, a xxxx of some xx% was experienced over this 3 year period as Government xxxxxx to xxxxx expenditure in the education system gave xxxx to xxxxxx levels of investment, primarily through xxxxx and the xxxxxx. The 2011 budget saw a xxxxxx xxxxx in capital expenditure in education with allocations xxxxx some x% from £x billion in 2011 to £x billion in 2012.

Our forecasts are that budget allocations for capital spending in education will continue to xxxx by some x% in 2013 and x% in 2014, xxxxxx at a figure of around £xxx billion. However by 2015 it is forecast that as xxxxxxxxxxxxxxx a xxxxxx of some x% will be seen and more xxxxxxxxx a x% xxxxxx is likely by 2016 with an estimated UK capital expenditure in education budget of £xx billion.

3.3.1 English Capital Expenditure Budget

The table below illustrates the total capital expenditure budget for education in England from 2006-2016.

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3.3.3 Scottish School Building 2012-2013 Projects, Timings & Values

In June 2009 the Scottish Government announced £xx million of funding to support local authorities in taking forward a £xx billion school building programme. The aim was for the rebuilding or refurbishment of approximately xx new primary and secondary schools through to 2017/18.

The programme is being co-ordinated and managed by the xxxxxxxxx- an independent company which was established by the xxxxxxxx to deliver value for money across all public infrastructure investment. xxxx operates at arm's length from the Government though works closely with public sector organisations. The programme is being funded via a mixture of capital grant and revenue support through what is described as a 'xxxxxxxxxxxx'

As of December 2011 the following projects have been confirmed:-

Figure 20: SFT School Building Programme Confirmed Projects - Colleges - 2011

Establishment	Project description	Procuring Body	Value	Timing	Site Start Date	Construction period in months
Sample	Modernisation of the Sample estate. The new estate will consolidate and complete the process of integration and curriculum realignment which has followed the creation of City of Glasgow College. The development will result in campuses on the City and Riverside sites.	Sample	c. £xxxm	In Procurement	Spring 2013	36
Sample	Provision of a new campus for Sample College on part of the Beechwood Farm site to the south-east of the City and re-provision of the Scottish School of xxxxxx on its existing xxxxxx site. The new College campus will be a key element in the development of the wider site as a centre for education, research, sports and business facilities.	Sample	c. £xm	In Procurement	Spring 2013	36
Sample	Provision of a new campus for Sample College which will see the College relocate to part of the town-centre site currently occupied by xxxx.	Kilmarnock College	c. £xm	Spring 2012	Summer 2013	24
TOTAL COLLEGES			**c. £300m**			

Source: MTW Research / Trade Sources

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Figure 21: SFT School Building Programme Confirmed Projects - Schools - 2011

Establishment	Project description	Procuring Body	Value	Site Start Date	Construction period in months
Sample	Secondary School	The Highland Council	£18m	Q3 2012	18-24
Sample	Secondary School	Angus Council	£14m	Q1 2013	18-24
Sample	Secondary School	Dumfries & Galloway Council	£8m	Q3 2013	12-18
Sample	Secondary School	North Ayrshire Council	£19m	Q3 2013	18-24
Sample	Secondary School	South Ayrshire Council	£14m	Q3 2013	18-24
Sample	Primary School	Argyll & Bute Council	£7m	Q2 2013	12-18
Sample	Secondary School	The City of Edinburgh Council	TBC	TBC	18-24
Sample	Secondary School	Argyll & Bute Council	TBC	Q2 2013	12-18
TOTAL SCHOOLS			c. £xxxm		

Source: MTW Research / Trade Sources

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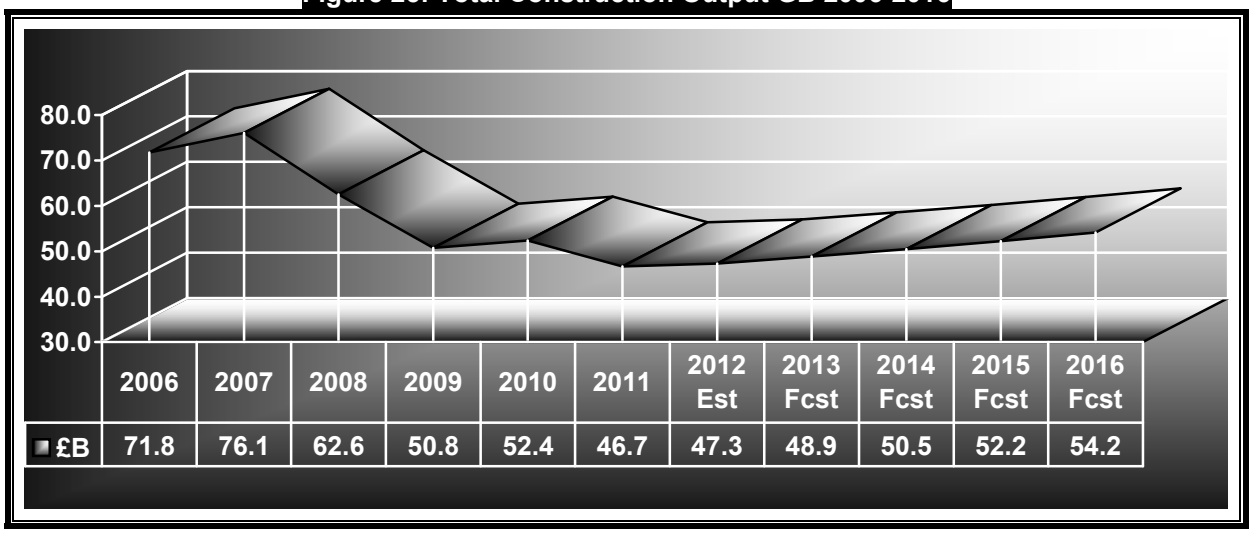
3.3.4 Wales Capital Expenditure Budget

The table below illustrates the education capital expenditure budget from 2006-2016 in Wales

3.4 OVERALL CONSTRUCTION OUTPUT 2006-2016

The total construction output for Great Britain from 2006 - 2016 is as follows:-

Figure 25: Total Construction Output GB 2006-2016



	2006	2007	2008	2009	2010	2011	2012 Est	2013 Fcst	2014 Fcst	2015 Fcst	2016 Fcst
£B	71.8	76.1	62.6	50.8	52.4	46.7	47.3	48.9	50.5	52.2	54.2

Source: MTW Research / Trade Sources

As the table above illustrates, current construction output in Great Britain stands at an estimated £47 billion. At the peak of the market in 2007 the value of construction output stood at £76.1 billion. Due to the global recession a sharp contraction of some 17% was experienced in 2008 with value dropping to £62.6 billion. A further marked contraction of nearly 19% was seen in 2009 when the total market value fell to £50.8 billion. As the economy stabilised to some extent in 2010 the total construction output value increased by 3% to £52.4 billion.

During 2011 the European sovereign debt crisis caused by rising government debt levels together with a wave of downgrading government debt in some European countries and the resulting rescue packages caused a loss of confidence in the UK's financial stability. This coupled with the public spending cutbacks had a marked impact on the total construction output in GB as the market value contracted by a further 10% to a value of £46.7 billion.

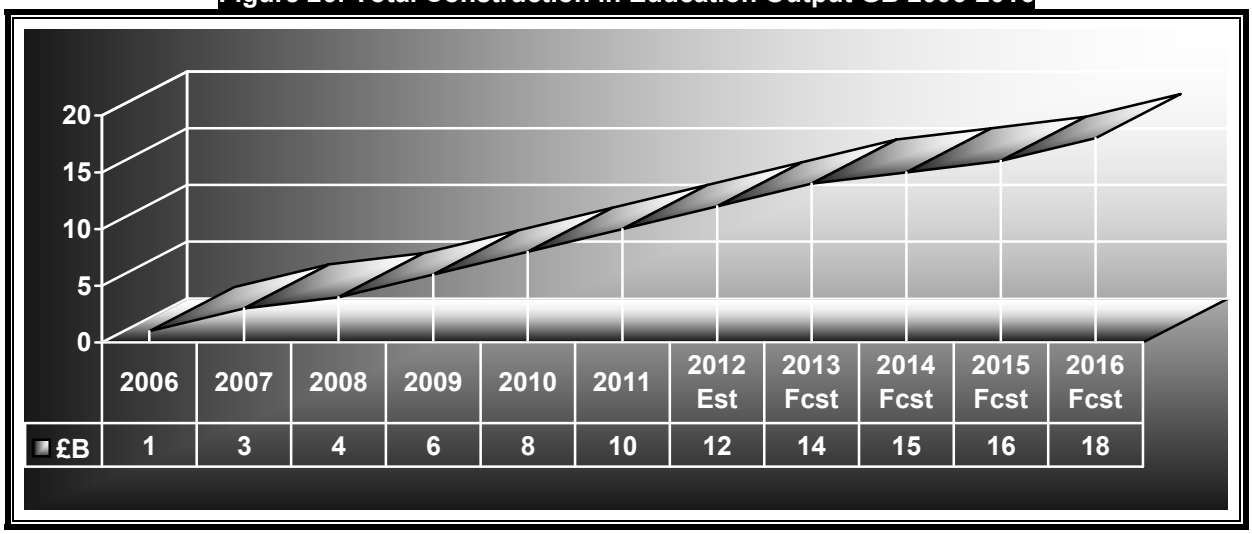
As fears of the Euro crisis reduce it is forecast that the construction output in GB will stand at around £47.3 billion by the year end, representing an increase of some 1.4 %. Forecasts for the medium term are more positive with an estimated increase of some 3.2% and 3.3% in 2013 and 2014 respectively reaching a value of around £50.5 billion by year end 2014. Longer term prospects are more optimistic with 2015 likely to see an estimated increase of some 3.5% to a value of £52.2 billion and 2016 an estimated rise of 3.7% reaching a value of £54.2 billion by year end representing an overall increase of some 14% over the next 4 years.

3.4.1 Total Education Construction Output 2006-2016

Education construction in Great Britain represents around xx% of the total construction industry in 2012. The total GB construction in education from 2006 with forecasts to 2016 is illustrated in the following chart:-

© MTW Research 2012

Figure 26: Total Construction in Education Output GB 2006-2016



Source: MTW Research / Trade Sources

The above chart illustrates the value of construction in education (both public and private) from 2006 with forecasts to 2016. In 2012 the value stands at an estimated £xx billion, representing a xxxxxx xxxxxxx of some x% since 2006 when the market value was some £xx billion. Buoyant xxxxxxx of some x% was experienced in 2007 primarily due to the xxxxxxx programme coupled with the xxxxxxx xxxxxxx school facilities. This growth continued into 2008 with an annual xxxxxxx of some x% taking the market to a value of £x billion. A xxxxxxx of some x% was experienced in 2009 with this sector reaching a value of £x billion as the effects of xxxxxxx xxxxxxx xxxxxxx. A further xxxxxxx of some £xx million representing xx% occurred in 2010.

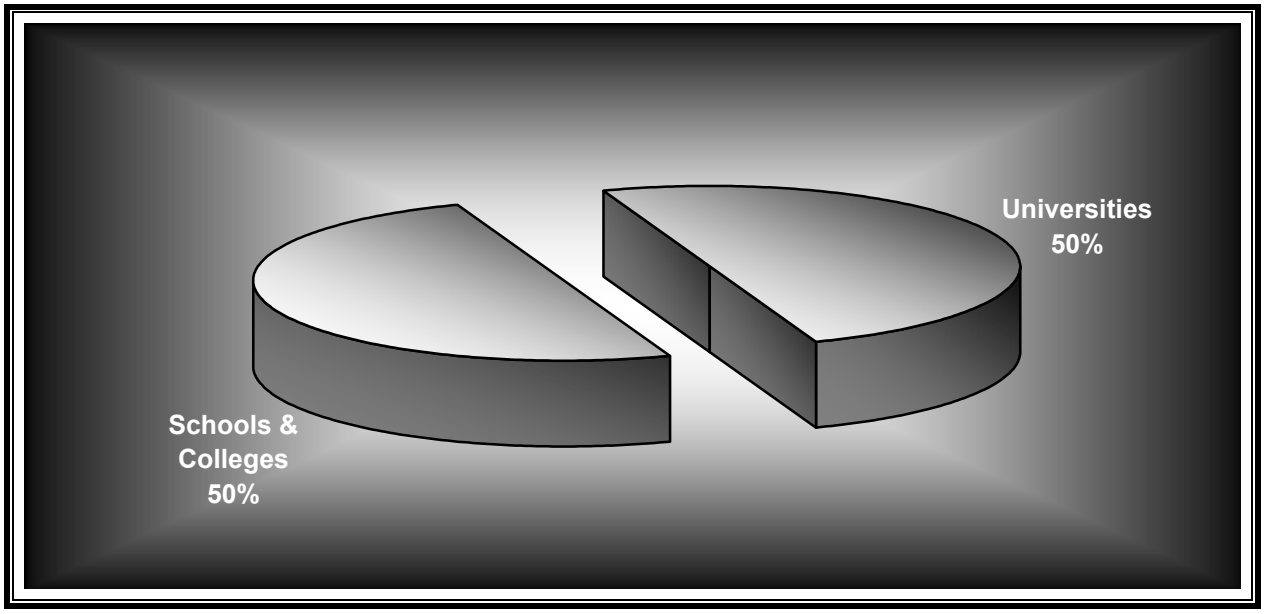
In 2011

3.4.2 State Education Construction Output by Value 2006 – 2016

The following chart illustrates the total construction in state education in Great Britain from 2006 with forecasts to 2016:-

Construction in state education is split into Schools & Colleges and Universities. In 2012 the split of the construction output for these 2 sectors is illustrated in the following chart:-

Figure 28: Total Construction in State Education Split by Type 2012



Source: MTW Research / Trade Sources(Figures Changed in Sample)

As the above chart illustrates, schools and colleges represent xx% of the total construction in state education and universities represent x% of this market. Sources suggest that this mix may change in favour of

3.4.3 Construction Market Value in State Schools and Colleges 2006-2016

The chart below illustrates the total construction in state schools and colleges from 2006 with forecasts to 2016:-

Figure 29: Total Construction Output - State Schools & Colleges GB 2006-2016

© MTW Research 2012

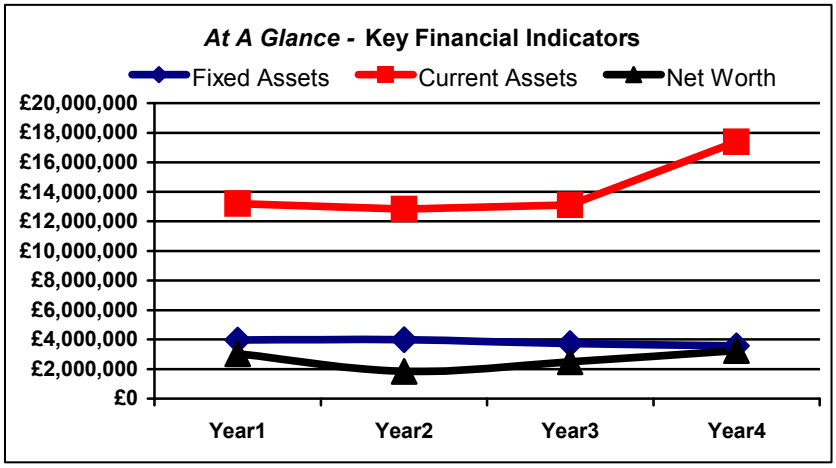
4. CONSTRUCTION CONTRACTORS IN EDUCATION PROFILES

The following section identifies some of the key UK construction companies working in the Education sector and provides a 1 page profile with key performance indicators for each. It should be noted that whilst we endeavour to include all the major players, inclusion or otherwise in the following section does not necessarily indicate a company's relevance in the market.

4.1 CONSTRUCTION CONTRACTORS IN EDUCATION PROFILES AND KPIs

Sample Ltd - Company Overview & *'At a Glance'*

Sample Address
Sample
Knebworth
Herts
Sample Postcode
Tel: Sample



Sample Ltd is a private limited with share capital company, incorporated on August 4, 1992. The company's main activities are recorded by Companies House as "The provision of civil engineering and groundwork contracting services." In 2012, the company has an estimated 200-210 employees.

To year end December 2011, Sample Ltd is estimated to have achieved a turnover of around £55 million. Pre-tax profit for the same period is estimated at around £1.7 million. The following table briefly provides a top line overview on Sample Ltd:-

Company Name	Sample Ltd
Brief Description of Activities	The provision of civil engineering and groundwork contracting services.
Estimated Number of Employees	200-210
Senior Decision Maker / Director	Sample

The following table illustrates the company's key performance indicators for the last 4 years:-

Sample Ltd - 4 Year KPIs to Year End 30-Nov-10

Key Indicator £	Year End 30-Nov-07 (Year1)	Year End 30-Nov-08 (Year2)	Year End 30-Nov-09 (Year3)	Year End 30-Nov-10 (Year4)
Fixed Assets	£3,947,968	£3,984,423	£3,719,790	£3,571,369
Current Assets	£13,183,838	£12,830,924	£13,105,436	£17,378,366
Current Liabilities	£12,958,423	£12,996,408	£12,604,159	£14,146,180
Long Term Liabilities	£1,144,984	£1,980,036	£1,723,903	£3,555,133
Net Worth	£3,028,398	£1,838,902	£2,497,163	£3,248,422
Working Capital	£225,415	-£165,484	£501,277	£3,232,186
Profit per Employee	£9,204.87	£5,192.22	£4,916.15	£5,189.82
Sales per Employee	£201,012	£228,437	£193,707	£251,041

4.2 EDUCATION CONSTRUCTION CONTRACTORS RANKING & TURNOVER ESTIMATES

4.2.1 Construction Contractors in Education Listing

The following identifies key contractors active in the UK education construction market at present:-

Figure 110: Construction Contractors in Education Listing

A D Bly Construction Ltd	Doyle Plc	Laing Construction Ltd
Ashleigh (Scotland) Ltd	Dunne Building And Civil Engineering	Lakehouse Contracts Ltd
B.H.C. Ltd	E.G.Carter & Company Ltd	Lindum Group Ltd
Balfour Beatty Plc	Eric Wright Construction Ltd	Marshall Construction Ltd
BAM Construct UK Ltd	Fortel Construction Ltd	Midas Construction Ltd
Bancon Construction Ltd	Galliford Try Construction Ltd	Miller Construction (UK) Ltd
Barr Ltd	GB Building Solutions Ltd	Morgan Sindall Plc
Berkeley Group Plc(The)	GML Construction Ltd	Munro Group Ltd
Bouygues (U.K.) Ltd	Henry Brothers (Magherafelt) Ltd	NG Bailey Ltd
Bowmer And Kirkland Ltd	Higgins Construction Plc	Ocon Construction Ltd
Bramall Construction Ltd	Higgins Group Plc	Ogilvie Construction Ltd
Buckingham Group Contracting Ltd	Interserve Plc	Overbury Plc
C Spencer Ltd	ISG Construction Ltd	Rydon Group Ltd
C.L.C. Contractors Ltd	ISG Pearce Ltd	Shepherd Construction Ltd
Carillion Plc	J Smart & Co (Contractors) P L C	Sir Robert McAlpine Ltd
CCG (Scotland) Ltd	J. Murphy & Sons Ltd	Skanska UK Plc
Clipfine Ltd	J.B.Leadbitter & Co.Ltd	Tamdown Group Ltd
Clugston Construction Ltd	J.Browne Construction Company Ltd	Thomas Vale Construction Plc
Costain Ltd	J.N. Bentley Ltd	Vinci Construction UK Ltd
Cowlin Construction Ltd	Jenner Group Ltd	Walker Construction (U.K.) Ltd
Cruden Building & Renewals Ltd	John Sisk & Son Ltd	Warings Contractors Ltd
David Patton & Sons (NI) Ltd	John Turner & Sons (Preston) Ltd	Wates Group Ltd
Dawnus Holdings Ltd	Kier Ltd	Willmott Dixon Construction Ltd

Source: MTW Research / Trade Sources

The following section ranks the companies identified above by various key financial indicators. It should be noted that each company will have varying degrees of activity within this sector and will include an element of variation in terms of product and service portfolio. Whilst we endeavour to include all relevant companies, there may be some that are not included in this list for a number of reasons and as such the following should not be regarded as an exhaustive directory of UK Construction Companies active in the Education Sector.

Where possible, we have used the financial information reported by each company. However, for small and medium sized companies reporting obligations are less strict and these companies are not obliged to disclose turnover, profit before tax and other information such as number of employees etc. Where this data does not exist, MTW have provided an estimate based on previous performance, industry averages, other financial indicators and background knowledge of the industry.

Whilst we endeavour to attain high levels of accuracy, it should be borne in mind, therefore, that the rankings and other information provided within this report may contain an element of estimation.

4.2.2 Education Construction Contractors Ranking By Turnover

The table illustrates our estimates of the turnover rank for each company:-

Figure 111: Education Construction Contractors Ranked By Turnover 2011

1.Sample	30.Sample
2.Sample	31.Sample
3.Sample	32.Sample
4.Sample	33.Sample
5.Sample	34.Sample
6.Sample	35.Sample
7.Sample	36.Sample
8.Sample	37.Sample
9.Sample	38.Sample
10.Sample	39.Sample
11.Sample	40.Sample
12.Sample	41.Sample
13.Sample	42.Sample
14.Sample	43.Sample
15.Sample	44.Sample
16.Sample	45.Sample
17.Sample	46.Sample
18.Sample	47.Sample
19.Sample	48.Sample
20.Sample	49.Sample
21.Sample	50.Sample
22.Sample	51.Sample
23.Sample	52.Sample
24.Sample	53.Sample
25.Sample	54.Sample
26.Sample	55.Sample
27.Sample	56.Sample
28.Sample	57.Sample
29.Sample	58.Sample

Source: MTW Research / Company Accounts

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4.2.3 Turnover Estimates for Education Construction Contractors

The following table illustrates the estimated turnover for each company for 2011:-

Figure 112: Construction Contractors in Education Sales Estimates 2011 £M

Trading Name	2011 Turnover £M	Trading Name	2011 Turnover £M
Sample	£9,500	Sample	£116
Sample	£4,153	Sample	£109
Sample	£2,015	Sample	£105
Sample	£1,900	Sample	£85
Sample	£1,300	Sample	£80
Sample	£1,244	Sample	£80
Sample	£1,182	Sample	£80
Sample	£1,100	Sample	£80
	£1,020	Sample	£80
	£900		£70
	£770		£70
	£707		£64
	£670		£60
	£650		£60
	£447		£58
	£400		£55
	£395		£54
	£340		£53
	£339		£53
	£318		£47
	£300		£41
	£280		£40
	£268		£35
	£251		£32
	£250		£32
	£225		£30
	£225		£30
	£200		£28
	£185		£27
	£170		£24
	£160		£21
	£151		£19
	£140		£17
	£125		£10
	£120		

Source: MTW Research / Company Accounts

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4.2.4 Construction Contractors in Education by Profitability

The following table illustrates the profit ranking for each company in 2011:-

Figure 113: Construction Contractors in Education Ranked By Profit 2011

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5.PROCUREMENT & SPECIFICATION ROUTES

5.1 KEY FACTORS INFLUENCING SPECIFICATION OF PRODUCTS & SERVICES

There are a wide range of issues and influences which impact on the specification and procurement of building products, with these dependent on a particularly broad range of factors. However, there are some over-riding factors which are generally accepted as influencing the key stages of specification and procurement.

The chart below illustrates the key stages in the design and procurement of construction projects within the education construction market:-

Figure 117: Key Stages Within the Design and Procurement of Construction Projects

Sample

Source: MTW Research / Trade Sources

5.1.1 The Contractors Framework

The Contractors' Framework was launched