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2.1 About Environment Analyst

Environment Analyst (EA) is a publishing and business research organisation with a remit to track performance and opportunities within the environmental services sector, with a particular focus on the environmental consulting (EC) and support services market. Our two core products are:

- **Market Intelligence Service – Global**
- **Market Intelligence Service – UK**

These subscription services include many reports issued throughout the year, and around 60 competitor profiles. Additionally, they include environmental services business news (global and UK channels) and Market and Company Insight articles.

For more information, please visit [www.environment-analyst.com](http://www.environment-analyst.com).

*Environment Analyst* also publishes the Brownfield Briefing and Development+Infrastructure specialist news and information services. And we run conferences, awards and other events for the environmental services sector. For more information, please visit [www.brownfieldbriefing.com](http://www.brownfieldbriefing.com) and [www.environment-analyst.com/dis/](http://www.environment-analyst.com/dis/).

2.2 Report methodology and definitions

For details about the methodology and definitions used to compile this report and others in the UK Market Intelligence Service series, please download the Methodology and Definitions document from the EA website [www.environment-analyst.com/uk-mis](http://www.environment-analyst.com/uk-mis).

Our overarching research methodology allows for continuous adjustment of market totals and market forecasts in light of revised company performance data, economic growth projections, and policy and other announcements impacting on the fortunes of the environmental consultancy sector.

2.3 Acknowledgements

We are very grateful to the environmental consultancy firms that have assisted us by completing our surveys, participating in email/phone/face-to-face interviews and verifying/commenting on their company profiles. Our thanks go to all who have helped.

2.4 Accessing other reports and profiles in the series

Subscribers to the EA’s UK Market Intelligence Service can also download the accompanying Company Profiles and other reports in this series separately from the special download page [www.environment-analyst.com/uk-mis](http://www.environment-analyst.com/uk-mis).

For details of how to access, please contact Yuliya Stuart at yuliya@environment-analyst.com or call (0)1743 818 008.
Key statistical overview

3. Executive summary

Overall, the results of the survey indicate positive perceptions of the current and expected future performance of the sector. The survey compares last year’s growth in UK revenue, which was reported as 3.2% in the 2017 survey, to the 2018 results. The survey highlights the importance of understanding market trends and customer satisfaction in planning for the future. The survey also explores the impact of Brexit on the sector and the predictions for future growth by UK businesses. The survey concludes with recommendations for industry leaders to consider the implications of the survey findings and to adapt their strategies accordingly.
Fig 3  Operational trends in last year compared with previous years (2)

DATA HIDDEN

Fig 4  Repeat and new business proportion trends compared to last year
Over 86% of firms met or exceeded their budgets in Q1 2018, although small firms are doing better (in a reversal of last year’s findings) with Q1 sales targets, compared to 32.8% of small firms. But the general trend over the last year when 80.2% met and or exceeded their targets round, perhaps with an element of prudent planning paying off. One respondent underperformed during the first quarter down to a report.

Profit margins improve for both large and small firms. By 1.5ppa for large firms at 9.4% in 2017 compared to 8.9% in 2016, seen a 1.7ppa increase at 11.2% profitability for small firms. Firms generally more conservative in their profit margins last year, but have remained broadly consistent this year while enjoying a uplift of 1.4ppa to a margin of 12.6% in small firms.

Yet more firms running at an operational profit, up from 8% in 2017.
6.2 Fee rate trends

- Average daily fee rates at lowest level for six years – average daily fee rates across the hierarchy of levels have reached their lowest point in five years with an average decline of almost 3% from the levels reported in our 2013 survey.

- Average daily rate for a senior consultant is £521 – down nearly 5% on last year. In large firms the figure is actually slightly lower at £510 (down 11% from the £573 reported last year) and compared to the £526 for small firms. Indeed large firm rates are reported as lower across the board that is up until director level.

- Director level input averages £788 per day and here the gap between the current average for large firms (at £820) has narrowed with that of small firms (£775) this year. Last year the rates reported were £900 and £755 for large and small firms respectively.

- Contraction in fee rates at most levels, although small firms see small rise – when looking at the average fee rates from all respondents a contraction can be seen at every level, barring support/admin staff which has seen a 3% y-o-y increase. The most significant contraction can be seen at consultant level, with fees down almost 10% on last year. However, when broken down by firm size, small firms have in fact seen fee rate growth at project director (+2.6%), project manager (+2.6%) and support/admin level (+3.7%), while for large firms the only positive fee movement for support/admin level staff. It seems that the playing field is levelling out much more for fees (small players vs large firms) yet during the years immediately following the recession annual survey typically indicated that small companies were prepared to make deep price cuts in order to win work than their large counterparts.

**Fig 14** Average daily fee rates

![Average daily fee rates chart](chart)

**Source:** Environment Analysis
9. Strategic trends and drivers

This section provides a summary of the market trends survey results relating to the main business drivers and pressures for environmental consultancies operating in the UK. In the survey, environmental consultancies were asked to identify which drivers, disruptors and risks will have more or less impact on their business and market demand over the next few years (see figures below).

Fig 36  Drivers influencing demand for environmental consultancy over next five years

- Overseas opportunities overtakes enforcement as a driver this year, 57% of survey respondents expect this to be a significant driver to business over the next five years this year. Compared to last year’s survey, enforcement as a driver by 44% compared to last year, having distraction from the environment and Brexit. There is strong growth in overseas opportunities.

- Legislation/policy has an underwhelming impact on the near-term future of the sector, reflecting the current regulatory and law post-Brexit white papers, standards, and guidelines.

Source: Environment Analyst
Fig 53  Global regions turnover prospects for next 5 years across first 5 of 9 regions, comparison 2010-2018

SOURCE: ENVIRONMENT ANALYST
* % of respondents forecasting strong or substantial growth in next 5 years (in excess of 5% CAGR)

Fig 54  Global regions turnover prospects for next 5 years across second 4 of 9 regions

SOURCE: ENVIRONMENT ANALYST
* % of respondents forecasting strong or substantial growth in next 5 years (in excess of 5% CAGR)