

2026 Q1 review: UK Infrastructure Services M&A

A look back at key
transactions and trends

We see things
differently.

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Executive summary

Following a subdued end to 2025, we look back on a first quarter of 2026 as a largely positive period for M&A in Infrastructure Services. Transaction volumes are up, but most pertinently, sentiment is high.

Whilst trading challenges still exist across pockets of value chains and the progression of strategic projects remain tempered by delays in approvals and budgetary challenges, our conversations with buyers, founders and management teams still point to a wealth of opportunity.

Topping the list of investment priorities for many serial acquirers are services supporting energy and wastewater infrastructure; two systems which have become outdated and outgrown in the UK. Although businesses addressing these markets have been acquired in the quarter, demand is far from satisfied.

Perhaps most prominent today, given the conflict in Iran and the UK's continued dependence on global markets, is the need to transition the grid network from a system built for the fossil-fuel era to a flexible, high-capacity network capable of serving a new suite of demands.

In a similar vein, the nation's wastewater network is also in need of improvement and expansion, albeit this has long been the case. A factor relevant to private-sector appetite is the announcement to break up Ofwat and introduce a single integrated water regulator, a step which signposts the £104 billion of improvements under AMP8 will be delivered. Given AMP7 spend was close to half this amount, and AMP9 onward is expected to include further advancement, assets in this space are expected to command premium prices.

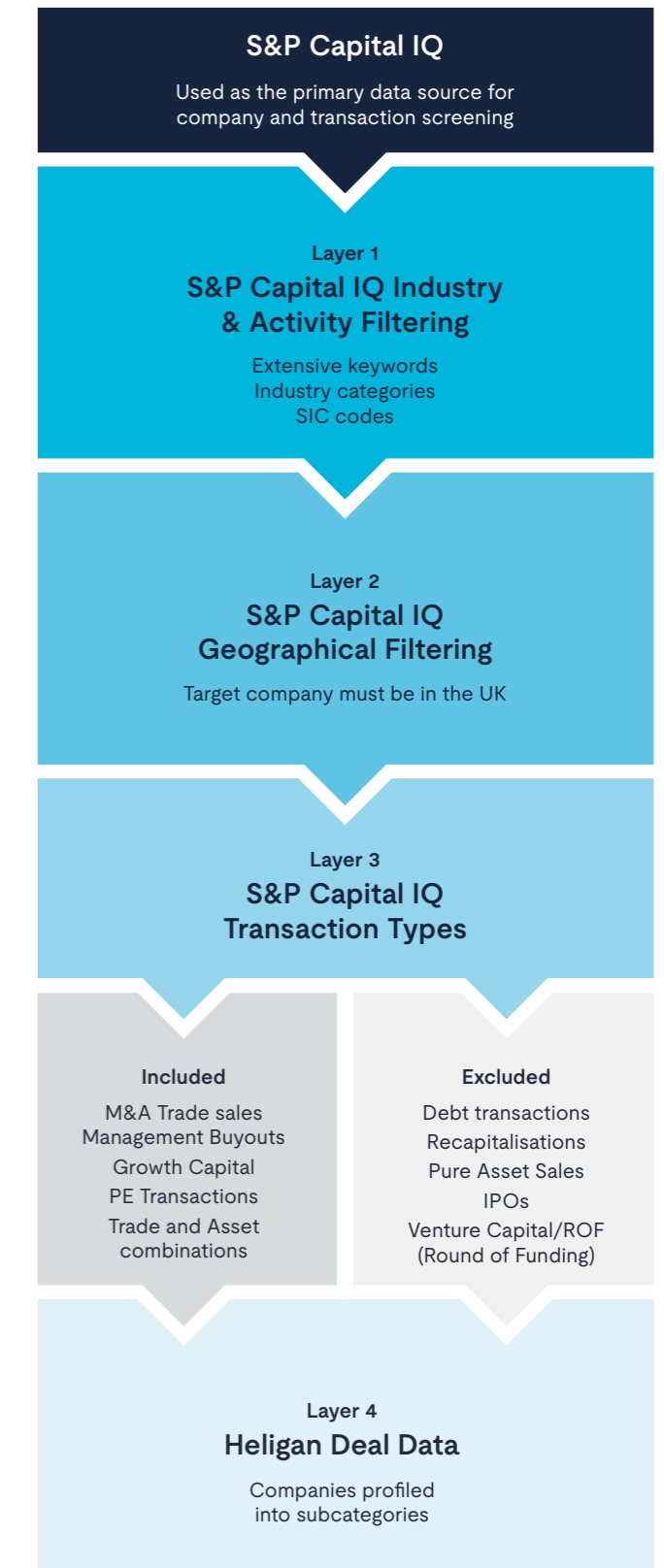
From our point of view, and most crucially for investors, UK Infrastructure Services offers a great deal of opportunity beyond these two areas; almost all aspects of UK infrastructure carry elements of underinvestment, regulatory-driven activities or the adoption of value-adding technologies.

Private equity, infrastructure funds and international acquirers continue to target the UK, seeking to secure platforms before delivery gathers pace and valuations re-rate. Financial sponsors and PE-backed platforms accounted for over half the quarter's transactions, underscoring the sector's alignment with buy-and-build strategies.

Recent improvements in fiscal clarity and the reactivation of delayed pipelines are drawing transactions back to market. The April 2026 BADR rate increase from 14% to 18% also brought forward a number of owner-managed business sales in the quarter.

While transactions continue to take longer and buyers continue to tread carefully through processes, it is our sense that improving deal volumes reflect a market which is starting to acclimatise to uncertainty and appreciate the bigger picture opportunity.

Heligan deal data methodology



“The rise in Q1 deal activity makes one thing clear: committed capital is bringing confidence back to the sector. Whether deployments have begun or not, those commitments are giving investors the conviction to move.”

Andrew Dickinson
Head of Infrastructure Services



Key themes

Energy transition moves from commitment to delivery

2026 marks the point at which energy transition funding begins to move from commitment into early-stage delivery. The implementation of RIIO-3 from April 2026, alongside the outcomes of Allocation Round 7 (AR7) in February, has provided tangible confirmation that capital is now being allocated across both grid infrastructure and renewable generation. Together, these frameworks have unlocked over £50 billion of combined public and private investment, reinforcing the UK's position as a core market for energy transition capital.

Data centres formally enter the infrastructure planning conversation

Data centres have become a critical driver of infrastructure demand but also highlight the system's limitations. Policy support is strengthening, with data centres increasingly recognised as nationally significant infrastructure. Grid access has become the key bottleneck, with connection timelines now determining project viability. This is creating a disconnect between demand for new capacity and the infrastructure required to support it. For Infrastructure Services, this reinforces the central role of energy and grid investment. Data centres are not just a growth market, they are exposing the pace at which the UK's infrastructure can realistically scale.

Water becomes a core investment theme under AMP8

AMP8 has repositioned water as a defined growth market. The £104 billion investment is now entering mobilisation, with activity already emerging across upstream services. Consultancy, surveying and environmental capability are seeing the earliest demand, reflecting the scale of design projects underway. Delivery will follow as projects progress through approval and into execution. This is a multi-year investment cycle with clear visibility. Early positioning across the supply chain is already underway, with consolidation expected to accelerate as delivery requirements increase.

Warm Homes Plan to encourage investment

The launch of the £15 billion Warm Homes Plan in January 2026 marks a significant policy shift towards residential decarbonisation. Early activity has been focused on project setup and early-stage deployment through local authorities and approved delivery partners. Initial demand is emerging across insulation, heat pumps and energy efficiency upgrades, with supply chains beginning to respond. Unlike large-scale infrastructure projects, delivery is expected to be more fragmented, enabling smaller and specialist providers to access the market earlier. While still in its infancy, early signals point to the beginning of a longer-term growth cycle in retrofit and clean heat.

Planning and Infrastructure Act 2025 starts to reshape delivery risk

Following its introduction in 2025, the Planning and Infrastructure Act is beginning to influence infrastructure delivery in Q1 2026, although its impact remains at an early stage. Initial signs suggest improved momentum in project approvals and greater clarity around nationally significant infrastructure projects. However, these changes are not yet translating into a meaningful increase in construction activity. The reality is that planning reform reduces friction but does not eliminate it. Local constraints, environmental considerations and legal processes continue to shape timelines. For now, the impact is most visible in improving pipeline visibility rather than accelerating delivery, with more tangible effects expected to emerge over the medium term.

Defence and security rise as an infrastructure priority

Defence and security are becoming a more prominent theme within infrastructure, driven increasingly by energy security concerns. A more volatile geopolitical environment is sharpening the focus on protecting critical energy systems, bringing the resilience of power generation and transmission infrastructure into focus. Offshore infrastructure in particular, including subsea cables and interconnectors, is attracting increased attention. Alongside traditional defence estate upgrades, investment is extending towards grid resilience and emerging nuclear technologies such as small modular reactors. Energy infrastructure is increasingly viewed as critical national infrastructure in a defence context, supporting demand for specialist, compliance-driven and technically complex services.



Infrastructure Services: Key disciplines

Built Environment Professionals



Design & Advisory

Technical and commercial services supporting the planning and co-ordination of infrastructure projects, principally Architecture, Quantity Surveying, Engineering Consultancy and Project Management Consultancy Services.



Risk, Safety & Compliance

Consultancy services focused on keeping UK infrastructure legal, safe and effective, notably Accreditation Certification, Regulatory Testing, and Specialist Consultancy Services.



Surveying & Geotechnical

Technical services providing precision measurement or subsurface expertise to guide safe, cost-effective development, including Land, Building & Topographical Surveying, Materials Testing Services and Ground Investigation.

Environmental Specialists



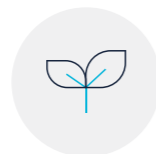
Drainage & Wastewater

Businesses maintaining and enhancing wastewater and drainage infrastructure, including CCTV Drain & Sewer Inspection, Sewer & Drain Repair, Flow Monitoring & Mapping, Tank Drainage, Cleaning and Maintenance.



Waste Management & Recycling

Including waste disposal, resource recovery and associated environmental compliance such as Asbestos Survey & Removal, Management of Hazardous Materials, Maintenance of Waste Management Systems and Recycling Services.



Environmental Services

Companies with offerings specifically addressing environmental requirements, including (but not limited to) Training, Impact Assessments, Audits, Due Diligence, Sustainability, Net Zero, Carbon Footprint Management, Ecological & Bio-Diversity Surveys, Air Quality, Noise Pollution and Vibration Testing.

Engineering & Contracting Services



MEP Services

Engineering services supporting the design, implementation or maintenance of Mechanical Systems (Escalators, Elevators, HVAC etc.), Electrical Systems (Lighting, Fire Alarm & Detection, Power Distribution, etc.) or Plumbing Systems (Fire Suppression Sprinklers, Pipework & Pressure Management etc.).



Construction & Civil Engineering

Traditional construction and engineering services enabling the development and maintenance of Commercial, Industrial and Residential Infrastructure.



Specialist Construction Services

Engineering and construction services focused on specific aspects of a project, such as Roofing, Flooring and Glazing. Also includes support services such as Plant Hire and Scaffolding and niche methods such as Modular Construction Services.



Infrastructure Services: Multi-disciplinary

Industry Specialists



Maritime & Offshore

Services dedicated to the development, maintenance and, where relevant, decommissioning of coastal and marine assets, including Reclaimed Land, Ports, Harbours, Oil & Gas Sea Platforms and Offshore Wind Farms.



Energy & Utilities

Services focused on the development and maintenance of onshore UK utilities infrastructure including Solar, Wind and Nuclear, Electricity Distribution, EV Charging, Telecoms and Broadband.



Transport

Businesses with services dedicated towards supporting Transport Infrastructure, principally Roads, Rail and Aviation.

Diversified Groups



Facilities Management

Multi-service provision dedicated to the management of physical assets including Cleaning, Janitorial, Security Services, Grounds Maintenance, Site Repairs and Systems Maintenance.



Multi-disciplinary Groups

Acquisitive groups providing multiple services, often addressing a range of types of infrastructure, either through integrated offerings or a portfolio of separately run companies.

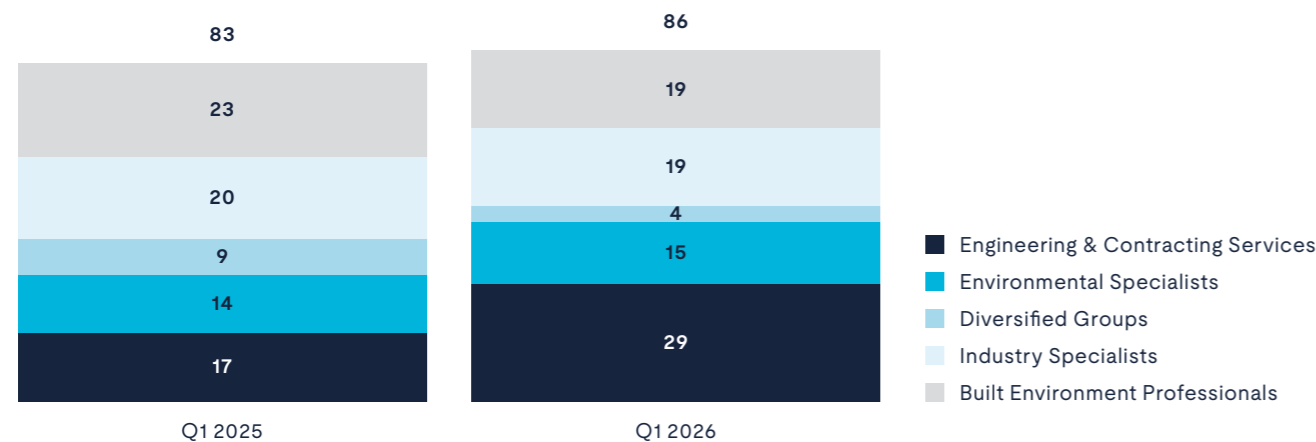


2026 Q1 statistics

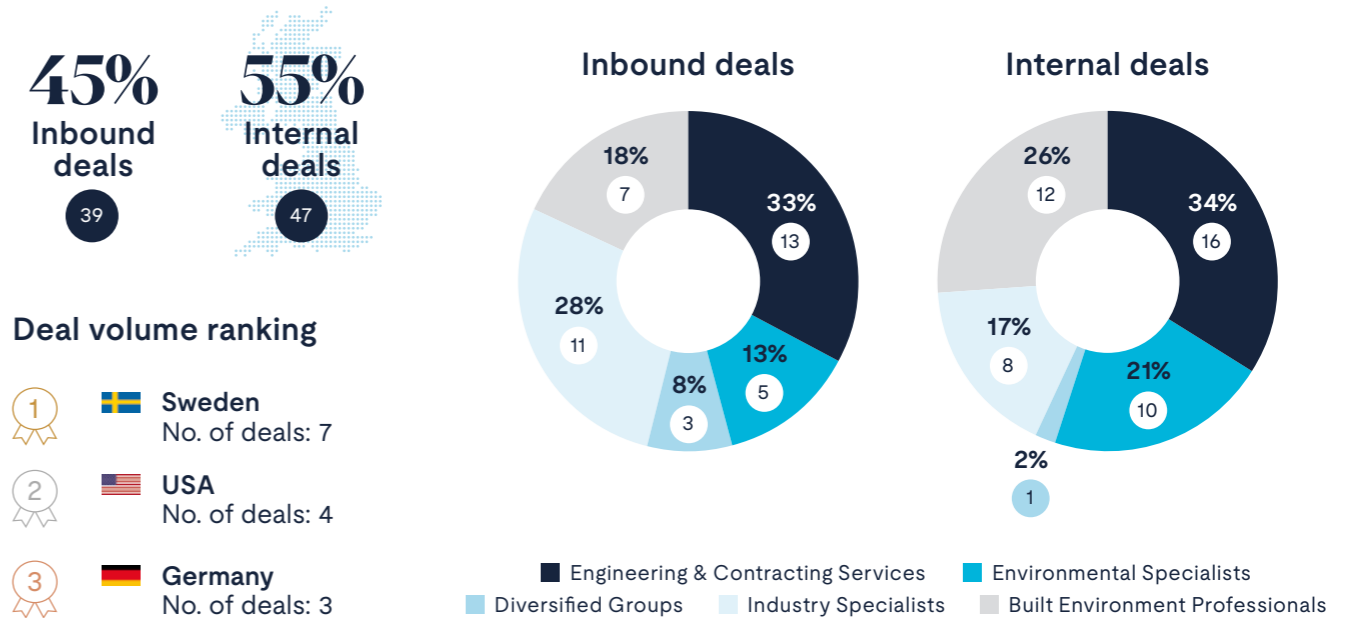
Deal volumes reached 86 transactions in the first three months of 2026, standing out against a softer lower mid-market M&A backdrop across other UK sectors. Activity continues to be driven by service-led and future-facing segments, while construction-led markets continue to lag following a difficult 2025.

- Engineering & Contracting Services** remained the most active sector, with 29 deals in Q1, up from 17 in the same period in 2025. Activity continues to be concentrated in MEP services, which accounted for 21 transactions, reinforcing investor preference for electrification, retrofit and energy transition-linked capability. In contrast, Construction & Civil Engineering remained subdued, reflecting ongoing delivery and margin pressures.
- Energy & Utilities** recorded 15 transactions, with activity concentrated in next-generation energy and transition-linked assets. Continued policy support and revenue visibility through mechanisms such as CfDs are sustaining investor appetite, with early-stage capital deployment now translating into deal activity.
- Diversified Groups** saw the largest decline in activity, with 4 deals completed versus 9 in Q1 2025. This slowdown does not reflect weaker demand; transaction activity across FM and multi-disciplinary groups continues to concentrate into fewer, larger and more significant deals.
- Private Equity** continued to increase its share of activity, accounting for almost a quarter of all deals. Including PE-backed platforms, over half of transactions in Q1 involved financial sponsors, underlining the sector's strong alignment with buy-and-build strategies and long-term capital deployment.
- Inbound investment** remained stable at 45% of total deal volumes. International acquirers continue to view the UK as an attractive and stable market for infrastructure investment, supported by regulatory visibility and long-term demand fundamentals.

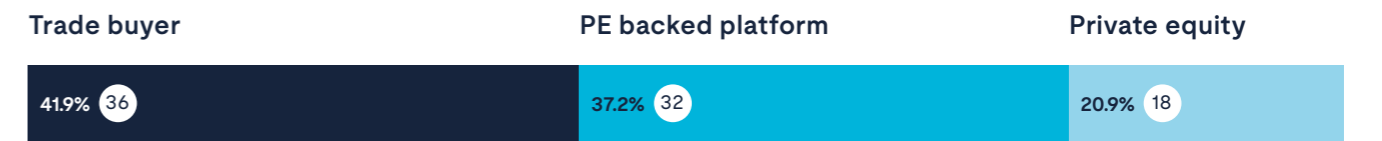
Q1 2025 vs Q1 2026 deals



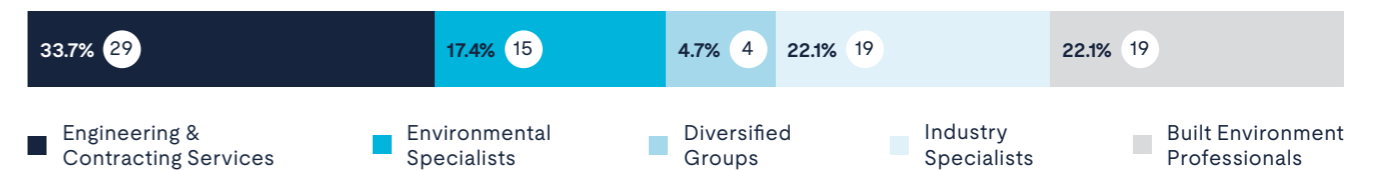
Deal volume - Inbound vs Internal



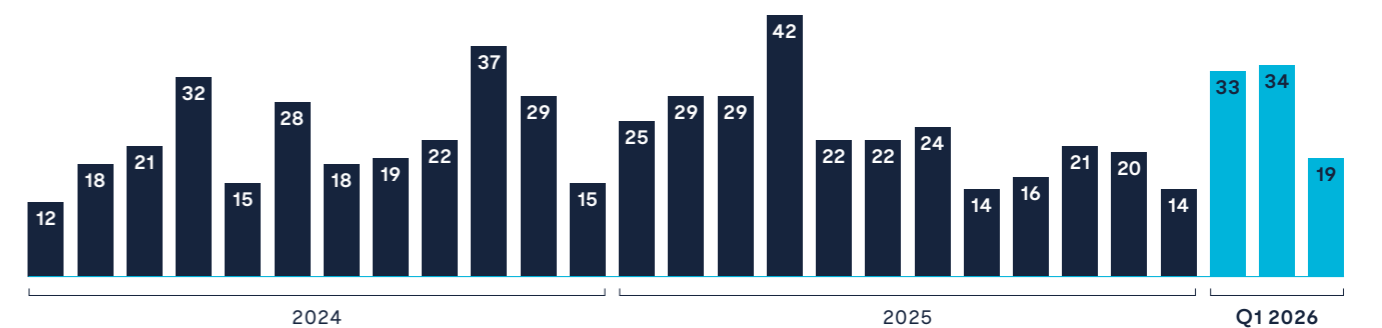
Trade vs private equity



Deal volumes by subsector



Monthly deal flow



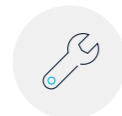
Notable deals

Q1 2026

January



Severn Trent Services, a division of **Severn Trent** acquired **Howlett Associates Water Treatment**, their fourth deal in the sector. The deal expands Severn Trent's technical offering and geographic coverage, strengthening exposure to AMP8 driven wastewater investment.



Nordic Climate Group AB continues to increase its footprint in the UK by acquiring **All Cool NW**, a mechanical services provider. The acquisition expands its UK footprint and adds capability across HVAC and mechanical services, supporting continued growth across energy transition and retrofit-led demand.



PTSG completed two bolt-on acquisitions in Q1 2026, reinforcing its electrical compliance capability and continued consolidation strategy. In January, PTSG acquired **Earth Tech LPS**, a Scotland-based provider of lightning protection testing and inspection services, strengthening its regional footprint and safety-critical offering. This was followed in March by the acquisition of **Testing Services (UK) Ltd**, enhancing its electrical inspection capability across its national platform.

February



Cardo Group continues to build its platform, acquiring **Trident Maintenance Services**, a provider of building maintenance and refurbishment services. The deal broadens Cardo's national footprint and technical capability, particularly across social housing, healthcare, education, and commercial sectors.



Celnor Group carried strong momentum from 2025 into Q1 2026, completing three further acquisitions. The addition of **Dynamic Safety Solutions** strengthens its position in Risk, Safety and Compliance, a segment benefiting from increasing regulatory scrutiny and recurring demand. Alongside earlier acquisitions in January of **Chemtech Environmental** and **Faithorn Farrell Timms (FFT)**, this continues Celnor's rapid consolidation strategy.



Dalcour Maclaren expanded its geomatics capability with the acquisition of **Geomap**. Geomap delivers specialist land surveying and geospatial services, reinforcing Dalcour Maclaren's position in early-stage project delivery. With a strong track record in water and wastewater, the deal increases exposure to AMP8 driven investment, where survey accuracy and data quality are critical to accelerating mobilisation.



United Infrastructure expanded its electrical engineering capability with the acquisition of **Simkiss Group**. Simkiss delivers control panels, switchgear and associated installation, testing and maintenance services, strengthening the platform's position within MEP and energy infrastructure. The deal adds specialist capability, supporting growth across electrification-led infrastructure projects.

Deep dive

Grid and electricity transmission investment (including RIIO-3)

Q1 2026 marked a decisive shift for UK electricity transmission, with RIIO-3 moving from negotiation into implementation. The direction of travel is now clear: the framework is set, capital is committed, and the focus has shifted to delivery.

Ofgem has approved £28.1 billion of initial investment across RIIO-3, within a broader pipeline that could reach around £90 billion as further allowances and mechanisms are added. The electricity transmission component is £10.3 billion. While modest relative to the wider ambition, it still represents a meaningful increase and a level of grid investment the UK has not seen for decades.

The more important point is the gap between that allowance and National Grid's own ambition. That gap is not a technical detail; it defines the pipeline.

That tension came into focus in early March, when National Grid confirmed it would accept the RIIO-T3 price control while increasing its five-year investment ambition to at least £70 billion by FY31. After sustained scrutiny, the message was clear, the framework must support delivery at scale, not just set theoretical allowances.

Ofgem's final revisions move in that direction. The settlement is more workable than earlier iterations and supports a material uplift in grid investment. Ofgem has shifted toward a more investable framework, but the delivery challenge remains and continues to grow.

RIIO-3 was designed around decarbonisation and electrification, but it is now also being asked to absorb concentrated, time-sensitive demand from AI data centres. Ofgem's demand connections

reform reflects this pressure, with a growing queue and the need to prioritise viable projects over speculative applications. The system is being stretched by two parallel demand drivers, with connection requests from data centre developers alone now exceeding the UK's entire peak demand.

For Infrastructure Services, the key issue is not whether the capital exists, but whether it can be deployed at pace. Labour availability, planning constraints and supply-chain readiness will set the limits, even where regulatory funding is in place. The addition of AI-related demand increases both the scale and the concentration of delivery, intensifying pressure on already constrained resources.

Near-term demand is likely to be strongest in design, engineering consultancy and TICC services, where projects require early-stage technical input. As delivery progresses, this should shift toward MEP, specialist engineering and grid connection capability. Large-scale civils will follow more slowly, reflecting higher delivery risk and mobilisation challenges.

The scale of investment is clear, but delivery will be phased, with bottlenecks in labour, planning and supply chain capacity determining the pace of execution. The framework is now in place. The remaining question is whether delivery can keep up with ambition.



Notable deals

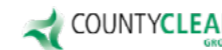
March

APLEONA



Apleona Group acquired **Morrison Facilities Services**, a UK-based technical and integrated FM provider. The business was divested by **Mears Group** for approximately £18 million as part of a strategic refocus on its core housing activities. The acquisition strengthens Apleona's UK platform, enhancing regional coverage and capability across public sector and infrastructure-led contracts.

ipsum



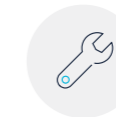
Ipsum Group, the UK utilities and infrastructure services platform backed by **IK Partners**, acquired **Wilkinson Environmental**, a Midlands-based civil engineering, drainage and sewer specialist. The deal follows Ipsum's January acquisition of **CountyClean Group** and strengthens its Drainage & Wastewater division with added expertise in drainage, sewer repair, rehabilitation and environmental services.

NG Bailey



NG Bailey acquired **Engineering Solutions Group**, a specialist engineering provider operating across water and environmental infrastructure. The deal expands NG Bailey's capability within regulated water markets and strengthens its positioning ahead of AMP8, with the acquisition explicitly aligned to increasing demand from water utilities.

RANGER FIRE SECURITY



Ranger Fire & Security, backed by **Hyperion Equity Partners**, acquired **MarkOne Safety Solutions**, alongside further acquisitions during the period including **Partnership Fire & Security** and **Total Fire Group**. The deals expand Ranger's regional footprint and strengthen its capabilities across compliance-led fire and security services, reinforcing continued consolidation within the fragmented life safety sector.



Deep dive

NISTA and the updated National Infrastructure Pipeline

The updated National Infrastructure Pipeline published in March 2026 is larger, more detailed and more credible than its 2025 predecessor. However, as with much of UK infrastructure policy, the central question remains unchanged: how much of this will actually be delivered?

NISTA was established in 2024 to bring greater independent oversight to infrastructure delivery. The 2025 pipeline was something of a baptism of fire for a new body still finding its feet, which goes some way to explaining the step-change in detail and credibility seen in this update.

The pipeline now totals £718 billion over the next decade, up from £530 billion at launch in July 2025. The scale is significant, but the more important shift is the level of detail underpinning the projections, addressing long-standing scepticism around top-down commitments.

The most meaningful development is the introduction of workforce forecasting. By modelling regional and sector-specific labour demand, the pipeline moves beyond a project register towards a delivery framework. This is critical. Labour availability remains the primary constraint on infrastructure delivery, and improved visibility should support planning, investment and supply chain coordination across the sector.

Capital allocation continues to reinforce existing priorities. Energy and Utilities account for £365 billion, over half of the total, reflecting the continued focus on the energy transition. Transport represents 16%, while water accounts for 9%, supporting momentum as AMP8 begins.

Despite this, credibility risk has not been eliminated. Oversight challenges, planning constraints and supply chain limitations continue to create uncertainty around how much of the pipeline will convert into delivered projects.

The pipeline is more credible than before, but the constraint across UK infrastructure is no longer capital, it is capacity. Delivery will be determined by labour, capability and execution.



Deep dive

Inheritance Tax: A structural shift for business owners

From the 6th April 2026, the Inheritance Tax (IHT) treatment of business and agricultural assets has changed fundamentally. For entrepreneurs – particularly in infrastructure services, where value is often concentrated in the trading business – this represents a material shift in how wealth is transferred.

Each individual now benefits from a £2.5 million allowance eligible for 100% relief across qualifying business and agricultural assets. Value above this threshold will generally receive relief at 50%, resulting in an effective IHT exposure of up to 20% on the excess. Importantly, unused allowance can typically be transferred between spouses or civil partners, meaning that, in many cases, up to £5 million of qualifying assets may pass before an IHT exposure arises.

Commercial impact

This marks a clear departure from the previous position, where qualifying business assets could often pass without IHT. As a result, many business owners who previously expected limited or no exposure may now face a material liability at the point of succession.

Illustrative example:

- Enterprise value: £10 million
- Combined spousal position:
 - £5 million at 100% relief
 - £5 million at 50% relief
 - Potential IHT exposure: c. £1 million

For owner-managed and family businesses, this introduces a fundamental challenge: **a tax liability arising against an illiquid asset base.**

Key considerations

The change is less about tax in isolation and more about its interaction with ownership, succession, and long-term strategy. In particular, business owners may wish to review:

- **Ownership structures:** Ensuring arrangements remain aligned with long-term objectives and the updated relief framework.
- **Succession planning:** Assessing whether existing strategies remain appropriate.
- **Liquidity:** Understanding how any future liability could be funded without disrupting operations.
- **Existing estate arrangements:** Including wills and trust structures, in light of the revised regime.

As highlighted in the broader analysis, IHT on qualifying assets can be paid over 10 years interest-free, which may assist from a cashflow perspective, but does not remove the underlying liability.

Strategic context

For infrastructure services businesses, these changes bring IHT into closer alignment with broader corporate finance considerations.

- Succession and exit planning are increasingly linked.
- Partial realisations or staged transitions may become more relevant in certain circumstances.
- Early visibility of potential liabilities becomes critical to preserving optionality.
- The key shift is not simply tax-related. It is a move from a position where business wealth could often pass tax-free, to one where IHT becomes a factor in long-term ownership and capital strategy.

Positioning

This note highlights the potential implications of the updated regime. The relevance and suitability of any action will depend on individual circumstances and should be considered alongside appropriate tax and legal advice.



What a coffee can unlock

Q1 2026 has confirmed what many in the sector suspected, the market is moving. With 86 transactions completed in the first three months of the year and competition for quality assets intensifying, the window for owners to engage on their own terms is now. Early conversations make a meaningful difference: they help clarify your ambitions, outline your options, and identify the steps that maximise value when the time is right.

Our starting point is simple: an informal strategic review. No rigid agenda, just a chance to listen, understand how your business operates, your goals, timelines, and priorities for the wider team. From there, we apply deep sector experience to share honest, actionable advice on next steps. Even a short conversation can shape your thinking, whether you're considering an exit soon, in a few years, or just exploring options.

We've advised clients across the Infrastructure Services sector, consistently achieving **valuation multiples above industry averages** by helping owners prepare thoroughly and managing competitive bid processes to drive value. Given the strength of current buyer demand and the depth of capital targeting the sector, many owners are finding that now is an opportune moment to explore what the market might offer.

At Heligan, we focus on supporting clients throughout their journey. Alongside business planning, personal wealth planning matters too. With tax changes and political uncertainty, timing is critical. Even straightforward steps can make a big difference, from reviewing ownership structures and considering trusts, to exploring Family Investment Companies (FICs) and planning the timing of Capital Gains Tax.

If further discussion would be helpful, we would be happy to arrange an introductory meeting.

Infrastructure Services Team



Andrew Dickinson
Head of Infrastructure Services



Simon Heath
Managing Partner



Joe Carbery
Associate Director



Ben Robinson
Associate Director



Azam Iqbal
Associate Director



Sim Gill
Manager



Mike Howell
Manager



Max Jae
Senior Analyst



Dan Burgum
Analyst



Kieran Duffy
Wealth Management

Glossary

AMP	Asset Management Plan	MW	Megawatts
AI	Artificial Intelligence	NESC / ESO	National Energy System Operator
BIM	Building Information Modelling	NISTA	National Infrastructure and Construction Pipeline
BN	Billion (currency value)	Ofgem	Office of Gas and Electricity Markets
CGT	Capital Gains Tax	Ofwat	Water Services Regulation Authority
C&I	Commercial and Industrial	PE	Private Equity
CCTV	Closed-Circuit Television	RIIO	Revenue = Incentives + Innovation + Outputs
Civils	Civil engineering works	SME	Small and Medium-sized Enterprise
DNO	Distribution Network Operator	SPV	Special Purpose Vehicle
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	TICC	Testing, Inspection, Certification and Compliance
EV	Electric Vehicle	TN	Trillion
FIC	Family Investment Company	T&M	Term Maintenance
FM	Facilities Management	UKAS	United Kingdom Accreditation Service
GW	Gigawatts	\$	US Dollars
HV / LV	High Voltage / Low Voltage	£	British Pound Sterling
IHT	Inheritance Tax		
K	Thousand		
M&A	Mergers and Acquisitions		
MEP	Mechanical, Electrical and Plumbing		



Andrew Dickinson
Head of Infrastructure Services
andrew.dickinson@heligangroup.com

Heligan Group
24 Upper Brook Street
London
W1K 7QB

St Philip's House
4 St Philip's Place
Birmingham
B3 2PP