

Estates, Facilities Management, and Corporate Services Market Intelligence Quarterly Report

September 2024



Contents

Foreword.....	3
UK Businesses Economic Outlook.....	4
Headline Indicators summary (Source: House of Commons Library – Economic Indicators)	4
Estates, Facilities Management & Corporate Services Economic Outlook	5
UK Gas and Electricity Prices – ONS Reports	5
Transport – ONS Reports.....	6
Consultancy Services	7
Estates, Facilities Management, and Corporate Services Market Overview.....	7
Facilities Management Market Overview.....	7
Key Market Players – FM.....	8
Trends in Facilities Management	8
Estates Facilities Management related NHS LPP frameworks.....	9
Waste Management Services Market Overview.....	10
Key Market Players – Waste Services.....	11
Trends in Waste Management	11
Key Considerations for Supplier Selection	12
Waste Services related NHS LPP frameworks	12
Transport Services Market Overview	12
Challenges	13
Opportunities	13
Innovation Opportunities	14
Key Market Players – Non-Emergency Patient Transport Services	15
Transport Services related NHS LPP frameworks.....	15
Corporate Services Market Overview	15
Key Market Players – Consultancy Services.....	16
Trends in Corporate Services.....	16
Corporate Services related NHS LPP frameworks.....	16
NHS LPP Contacts.....	17
Feedback	17
References.....	18

Foreword

As we navigate an increasingly complex and dynamic NHS landscape, the strategic importance of Estates, Facilities Management, and Corporate Services (EFCS) has never been more pronounced. This quarterly market intelligence report aims to provide valuable insights into the current state and trends of these critical categories, empowering decision-makers to make informed choices that drive operational excellence and support organisational goals.

The Estates, Facilities Management (FM), and Corporate Services sectors are undergoing significant transformation, driven by technological advancements, changing workplace dynamics, sustainability imperatives, and evolving regulatory landscapes. The COVID-19 pandemic has further accelerated these changes, reshaping our understanding of workspace utilisation, remote work capabilities, and the critical role of facilities in ensuring patient safety, business continuity and employee wellbeing.

By analysing market trends and their implications, NHS LPP aims to equip our readers with the knowledge needed to navigate the complexities of the Estates, FM, and Corporate Services landscape. Whether you're looking to optimise your current operations, plan for future investments, or stay ahead of industry developments, this report provides valuable market intelligence to inform your strategy.

As we look to the future, it's clear that Estates, FM, and Corporate Services will play a pivotal role in shaping organisational success. By staying informed and adaptable, we can turn challenges into opportunities and create environments that foster productivity, innovation, and sustainable growth.

We hope you find this report insightful and that it serves as a valuable resource in your decision-making processes.

Best wishes,



Nawaz Habib

Assistant Director for the Estates, Facilities Management and Corporate Services Category at NHS LPP

UK Businesses Economic Outlook

Headline Indicators summary (Source: [House of Commons Library – Economic Indicators](#))

GDP is estimated to have risen by 0.6% in April–June 2024 compared to the previous three-month period (January–March). Eurozone GDP grew by 0.3% in April–June 2024.

Services output was up by 1.3% in the three months to June 2024 compared to the previous year. **Manufacturing output** fell by 0.5%.

CPI inflation was 2.2% in July 2024, up from 2.0% in June. Inflation in the Eurozone was 2.6% in July 2024, up from 2.5% in June.

The Bank of England’s Monetary Policy Committee (MPC) **cut interest rates to 5.0%** on 1 August, down by 0.25 percentage points from 5.25%. This was the first reduction since the pandemic.

Average wages excluding bonuses were 5.4% higher in the three months to June 2024 compared with the year before, and 3.2% higher after adjusting for inflation. CPI inflation for this period was 2.1%.

33.1 million people were in **employment** in April–June 2024, down 70,000 from a year before. **The employment rate** was 74.5%, down from 75.2% the previous year. 1.44 million people were **unemployed** in April–June 2024, down 25,000 from the year before. **The unemployment rate** was 4.2%.

Productivity across the whole UK economy increased by 0.3% in Q2 2024 compared with the previous quarter. Compared with the previous year, it was down by 0.1%.

The **value of sterling** rose by 0.9% between June and July 2024, following an increase of 0.9% between May and June. Compared with a year ago, it is 2.0% higher.

The volume of **retail sales** increased by 1.1% in the three months to July 2024 compared with the previous three months, and increased by 0.8% compared with the previous year.

The **ONS (2024)** reports that almost two-thirds (64%) of trading businesses expect the prices of goods or services they sell to stay the same in September 2024, down 5 percentage points on expectations for August 2024; the proportion of businesses that expect to increase their prices rose 4 percentage points to 12% over the same period, with labour costs (21%) being reported as the main reason for this. Fewer than 1 in 10 (5%) businesses with 10 or more employees experienced global supply chain disruption in July 2024, this has

remained broadly stable since June 2023. Almost two-thirds (63%) of businesses reported some form of concern for their business when looking ahead to September 2024, up 3 percentage points from August 2024; the most reported concern was falling demand for goods and services (20%).

Estates, Facilities Management & Corporate Services Economic Outlook

UK Gas and Electricity Prices – ONS Reports

Monthly gas and electricity prices fell by 7.8% and 6.8% respectively in July 2024, as these falls were less than their equivalent falls in July 2023 (negative 25.2% and negative 8.6%), annual prices fell by a lower amount in July 2024 (negative 22.8% and negative 19.5%) than they did in June 2024 (negative 37.5% and negative 21%).

Although energy prices are lower in July 2024 than they were a year ago and are much lower than their peak in the first quarter of 2023, gas and electricity prices in July 2024 are still around 68% and 45% higher, respectively, than in March 2021 as shown in fig 1 below:

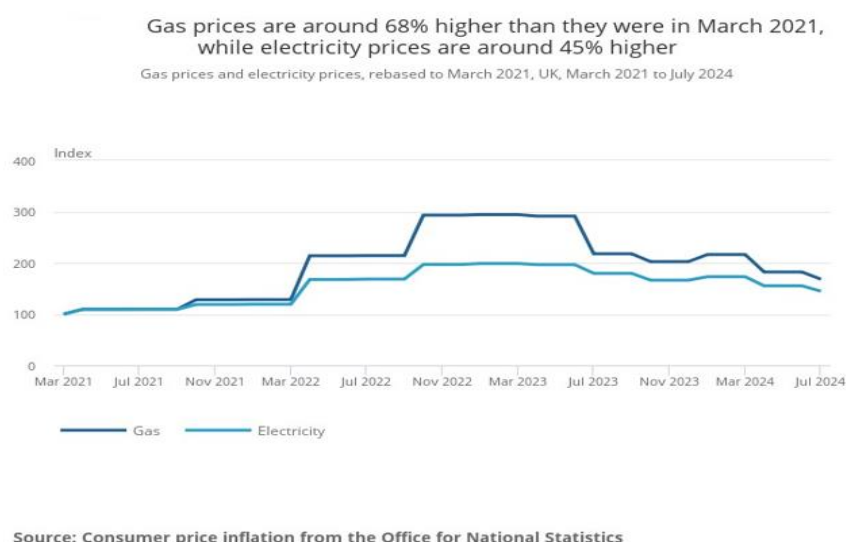
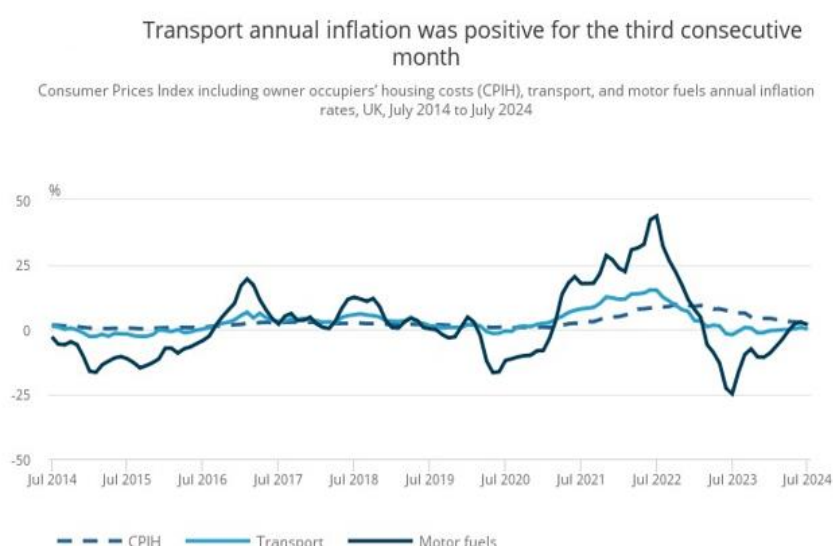


Fig 1. ONS UK Gas and Electricity Prices

Transport – ONS Reports

The average price of petrol fell by 1.4 pence per litre between June and July 2024 to stand at 144.4 pence per litre, down from 143.2 pence per litre in July 2023.

Diesel prices fell by 1.1 pence per litre in July 2024 to stand at 150.4 pence per litre, up from 145.2 pence per litre in July 2023. These movements resulted in overall motor fuel prices rising by 1.8% in the year to July 2024, compared with a rise of 2.6% in the year to June.



Source: Consumer price inflation from the Office for National Statistics

Fig 2. ONS UK Annual Inflation Rate Transport

Consultancy Services

In 2023, the market size of the management consulting industry in the United Kingdom reached almost £72 billion. The market size has been predicted for further growth in 2024, with a projected market value of £74.15 billion. This would be the highest market value ever recorded for the management consulting industry in the United Kingdom (Statista, 2024).

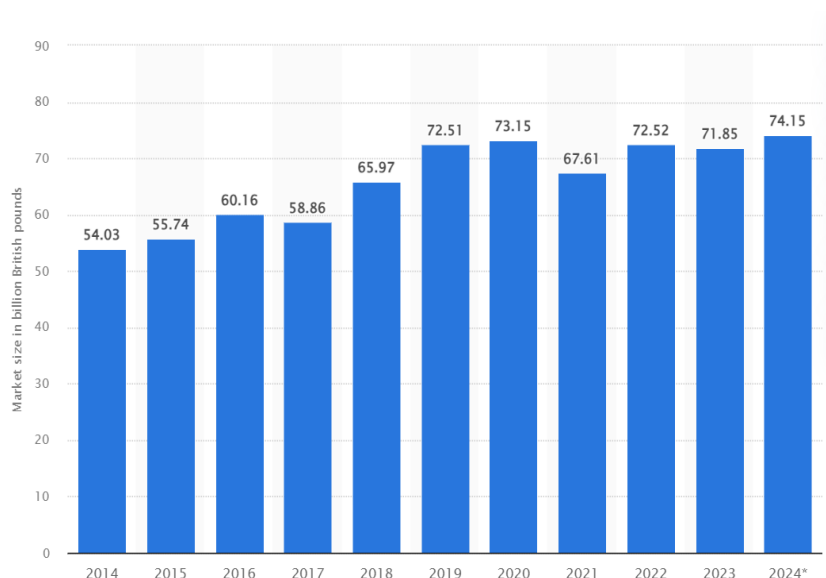


Fig 3. Market size of the management consulting industry (Source: Statista,2024)

Estates, Facilities Management, and Corporate Services Market Overview

Facilities Management Market Overview

The UK facilities management market was valued at £47.2 billion in 2020, and it is expected to reach £52.2 billion by 2026, equivalent to a compound growth rate (CAGR) of 1.41% according to new research. The UK Facilities Service Market is poised for significant growth in the coming years, with a projected CAGR of 8.4% between 2023 to 2027. This will be contributed by several factors such as, the increasing demand for outsources services, technological advancements (e.g. smart building systems and energy management platforms) and the rising focus on sustainable practices in facilities management

A 2024 report from ReportLinker highlights that the market is highly competitive, owing to the presence of several organised players and the strong presence of top global companies, such as CBRE, JLL, and Emcor, among

others, as shown in fig 3.

According to a 2023 BCIS study, maintenance expenditure in the UK stands just under 3% of the country's GDP; BCIS's life cycle cost benchmark estimates indicate that maintenance (fabric and services maintenance and decorations) represents around 40% of total facilities management costs, including cleaning and utilities, thus, valuing the FM market at around 7.5% of the country's GDP.



Fig 3. Market Player Facilities Management Services (Source: Prescient & Strategic Intelligence, 2024)

*Suppliers on NHS LPP Total FM framework

*Suppliers on NHS LPP Total FM framework. In addition to these highlighted suppliers, over 60% of the awarded suppliers on the NHS LPP Total FM framework are SMEs.

Trends in Facilities Management

The ongoing effects of the COVID-19 pandemic have not gone away completely further accentuated the importance of efficient facility and building services, which constitute a significant portion of operational costs for numerous organisations. A White Paper by MAR Facilities Management (2024) highlights these emerging trends:

- **Economic Downturn Influences Decision Making:** An anticipated economic slowdown will prompt organisations to seek cost optimisation and certainty. This will lead to a shift towards value-for-money partnerships and longer-term fixed-price contracts to counter inflationary effects

- Focus on Operational Efficiency: Automation through our effective MRI evolution CAFM platform, IoT, and condition-based maintenance will gain prominence to reduce costs and improve asset lifecycle planning
- Sustainability at the Forefront: Carbon emission reduction and the journey towards net-zero targets remain high priorities. Legislative requirements and rising energy costs will catalyse action, with Management Information data playing a key role in informed decision-making
- Data-Driven Decision Making: Enhanced data quality and analytics will empower organisations to make informed real estate decisions. Facilities managers must develop data literacy skills to align with evolving business demands.

CityGroup Managed Services (2024) also asserts that outsourcing in FM has been on the rise, and this trend continues in 2024. Organisations are increasingly turning to specialised FM providers to gain access to expertise, reduce costs, and focus on their core business activities. This shift is reshaping the FM landscape, with a growing market for third-party FM services.

Estates Facilities Management related NHS LPP frameworks

- Total Facilities Management Framework - <https://www.lpp.nhs.uk/categories/estates,-facilities-corporate-services/total-facilities-management-framework/>
- Minor Works and Maintenance Dynamic Purchasing System - <https://www.lpp.nhs.uk/categories/estates,-facilities-corporate-services/waste-management-services-dynamic-purchasing-system/>

Waste Management Services Market Overview



Environmental concerns and regulations, circular economy, technological advancements, population growth favour the adoption of waste managements which can efficiently utilise electricity for heating and cooling. It is estimated that the UK generated 40.4 million tonnes of commercial and industrial (C&I) waste in 2020, of which 33.8 million tonnes (84%) was generated in England. By comparison, the 2018 UK C&I waste

arising figure was 43.9 million tonnes, of which 37.2 million tonnes was generated by England (DEFRA Statistics, 2023). Over two thirds of C&I waste are generated by the commercial sector, in both the UK and England.

DEFRA has worked closely with industry experts to improve the C&I methodology for England. Nonetheless, C&I waste generation remains extremely difficult to estimate owing to data limitations and data gaps. As a result, C&I estimates for England have a much higher level of uncertainty and users should exercise caution in application of the figures and interpreting trends over time.

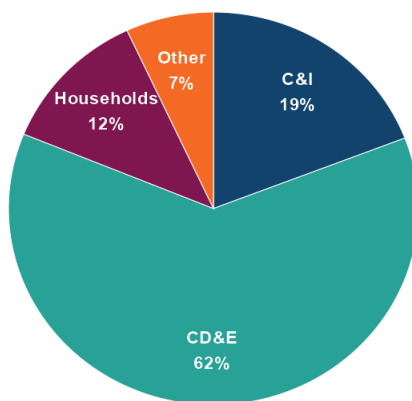


Fig 4. Waste generation split by source, UK, 2018 (Source: DEFRA Statistics, 2023)

Fig 4 shows the amount of waste generated split by source. Construction, demolition and excavation (CD&E; including dredging) generated around three fifths (62%) of total UK waste in 2018 (latest DEFRA data). Commercial and Industrial (C&I) waste accounted for almost a fifth (19%) of total waste generation and the remaining fifth was split between ‘Households’ (12%) and ‘Other’ activities (7%). Recycling and other recovery was the most common final waste treatment type in the UK, accounting for 108.4 million tonnes (50.4%) in 2018.

Key Market Players – Waste Services



Fig 5. Larger companies involved in waste collection, treatment and recovery/recycling (Source: Environmental Services Association, 2024)

*Suppliers on NHS LPP Waste DPS. In addition to these highlighted suppliers, almost 70% of the awarded suppliers on the NHS LPP Waste DPS are SMEs

Trends in Waste Management

IOT Insider (2024) reports that Artificial intelligence (AI) and machine learning (ML) are set to significantly enhance the efficiency of automated waste sorting systems.

Emerging Technologies for Waste Management	
Waste-Level Sensors and Smart Waste Containers	The use of sensors to monitor waste levels which helps to optimise waste collection routines and reducing cost and enhancing efficiency
Circular Economy (Waste-to-Energy)	Recovery of energy from waste in the form of heat, electricity, or fuel, thereby reducing emissions created by landfills
Recycling AI	AI-driven systems can help to identify different types of waste and sort it for recycling or reuse, thereby minimising manual sorting and reducing operational costs.

Source: Green City Times; Easycycle Waste, 2024

Key Considerations for Supplier Selection

- Knowledge and Expertise: Look for providers with a proven track record in the waste management industry
- Service Offerings: Assess the of services offered, including waste collection, recycling, and disposal
- Environmental Commitment: Try to work with suppliers with a strong focus on sustainability and environmental and responsibility
- Cost Effectiveness: Compare & evaluate pricing structures and consider factors like collection frequency, bin sizes, and additional charges
- Technological Adoption: Evaluate the supplier's use of technology for waste tracking, optimisation, and reporting
- Customer Service: Assess the supplier's reputation from reliable and responsive services.

Waste Services related NHS LPP frameworks

- Waste Management Services Dynamic Purchasing System - <https://www.lpp.nhs.uk/categories/estates,-facilities-corporate-services/waste-management-services-dynamic-purchasing-system/>

Transport Services Market Overview

NHS England (2021) estimates that around £460 million is spent on Non-Emergency Patient Transport Services (NEPTs) a year – at an average cost of around £38 per journey. That represents about £1 in every £275 spent by the NHS, approximately the same as the total cost of radiotherapy.



Patient transport emits 57-65 kilotons of carbon dioxide equivalent emissions per year, which constitutes approximately 20% of the NHS' direct travel emissions, as well as contributing to increased air pollution levels.

Challenges

NHS England (2021) reported that service commissioning, planning and management has been poor in some areas. It is estimated that around a quarter of journeys are cancelled or aborted each year – around 3 million trips – an indication that communication and integration between providers of healthcare, transport and patients could be much better.

Commissioners and providers also expressed concerns about procurement and contracts not providing incentive for investment or innovation. The sector is also yet to be environmentally sustainable. Patient transport needs to be at the forefront of the NHS' commitment to become the first net zero carbon healthcare system by 2040.

Opportunities

Technology in transport co-ordination is allowing demand and capacity to be much better connected. Measures to reduce the need for outpatient appointments by 30% should free up travel resource for reinvestment in other parts of NEPTS and reduce emissions.

The expansion of electric vehicle charging infrastructure and increased availability of electric vehicles enables reductions in carbon emissions and improvements in air quality.

It is expected that all NEPTS vehicles, except ambulances and volunteers using their own vehicles, to be zero emission by 2035, irrespective of contract duration. To achieve this target a progressive gradual decarbonisation of NEPT vehicles has been agreed, which apply to contracts issued or renewed after the set date below in table 1.

Date	Vehicle Emissions Targets
From 2021	No immediate changes
From 2023	50% of vehicles used to deliver the contract are of the latest emission standards, ultra-low emission vehicles (ULEV) or zero emission vehicles (ZEV)
From 2026	75% of vehicles used to deliver the contract are ULEV or ZEV, including minimum 20% ZEV
From 2030	100% of vehicles used to deliver the contract are ULEV or ZEV, including minimum 20% ZEV
2035	100% of vehicles used to deliver the contract are ZEV

Table 1. NEPT vehicle decarbonisation timeline (Source: NHS England, 2021)

Innovation Opportunities

To achieve a culture of greater innovation within NEPT the following improvements in contracts need to be developed further:

- Commissioners should consider how they can design specifications that build in the scope for innovative practices, which could start by altering the KPIs to recognise and reward demonstrable improvements in service, and consider a broader range of performance indicators than timeliness alone, including social value metrics and an assessment of the broader health outcomes the journey has enabled

To encourage innovation in NEPT, contracts should include levers which encourage:

- Collaboration with community transport operators and other providers meeting a 'social' need within the local area - Maximum efficiency in vehicle use
- Reward practices which tackle key public policy concerns, such as reducing 'no-shows' and delayed transfers of care

- Consideration of whether some categories of patients' needs (for example, dialysis or chemotherapy patients) would be better served within a general NEPT contract or commissioned separately.

Key Market Players – Non-Emergency Patient Transport Services



*Suppliers on NHS LPP NEPTS DPS who are SMEs.

**Supplier also on NHS LPP NEPTS DPS and is a registered Charity.

Transport Services related NHS LPP frameworks

- Non-Emergency Transport and Other Transport Services Dynamic Purchasing System - <https://www.lpp.nhs.uk/categories/estates,-facilities-corporate-services/non-emergency-transport-and-other-transport-services-dynamic-purchasing-system/>

Corporate Services Market Overview

City A.M. (2024) reports that over the last year, the growth of the UK's consulting market slowed by over 10%, and this is not slowing down anytime soon as the sector is expected to flatline this year. With the exception of 2020 when the consulting market shrank as the economy was hit by repeated lockdowns, research from Source Global expects this year to be its worst since it started tracking the market in 2014 (Financial Times, 2024).

The research also highlighted that while financial services remains the largest UK consulting market (£5.86bn), public sector is the fastest consulting growth as its forecast to have grown by 13.9% (£1.89bn). The demand from the public sector is for IT strategy and planning as the sector looks to enhance back-office

efficiencies and create more fluid user experiences.

Key Market Players – Consultancy Services



Fig 6. Key Players in the Consulting Market – The Big Four (Source: Financial Times, 2024)
89% of suppliers awarded on the NHS LPP Estates Consultancy DPS are SMEs.

Trends in Corporate Services

Statista (2024) highlights that Artificial intelligence (AI) usage has begun to take its effect on the professional services industry. The current use cases of AI within consulting firms in the UK have ranged from the spam filtering of emails to visual content generation like images and animations. Comparatively, the main purposes of using generative artificial intelligence (GenAI) at law firms have gone from simple curiosity at one end of the spectrum, to producing legal texts at the other.

Corporate Services related NHS LPP frameworks

- Estates & Facilities Consultancy Services Dynamic Purchasing System - <https://www.lpp.nhs.uk/categories/estates,-facilities-corporate-services/estates-facilities-consultancy-services-dynamic-purchasing-system/>

NHS LPP Contacts

Should you wish to discuss any of the highlighted NHS LPP agreements, please feel free to contact the respective Senior Category Managers below

NHS LPP Agreement	Contact
Estates & Facilities Consultancy Services Dynamic Purchasing System	Risha.mehta@lpp.nhs.uk
Minor Works and Maintenance Dynamic Purchasing System	Ashwaq.fraser@lpp.nhs.uk
Non-Emergency Transport and Other Transport Services Dynamic Purchasing System	Ashwaq.fraser@lpp.nhs.uk
Total Facilities Management Framework	Jez.Rumsey@lpp.nhs.uk
Waste Management Services Dynamic Purchasing System	Risha.mehta@lpp.nhs.uk

Feedback

We would love to hear from you. If you have any suggestion on what you want to see in the next Quarterly Report, please email: customer@lpp.nhs.uk

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