

Estates, Facilities Management and Corporate Services Market Intelligence Quarterly Report

October 2026



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Foreword

During the period 1 July to 30 September 2026, the estates, facilities management (FM), transport, waste, linen and laundry and corporate services sectors continued to operate within a challenging environment shaped by assurance requirements, operational resilience, decarbonisation ambitions and increasing financial pressures. NHS organisations remained focused on safety, compliance and performance improvement, while broader economic conditions were influenced by rising energy costs, above target inflation, elevated public borrowing and ongoing productivity challenges. These factors increased pressure on organisations to demonstrate value for money while maintaining service quality and regulatory compliance.

A key theme during Q2 FY2026/27 was the growing expectation that assurance frameworks and net zero commitments must now deliver measurable operational benefits. The NHS Premises Assurance Model continued to support business as usual governance across NHS estates, providing a structured approach to assurance and performance improvement. Increasingly, organisations are expected to demonstrate tangible improvements in estate condition, infrastructure resilience, compliance performance, energy efficiency and overall operational effectiveness. At the same time, rising wholesale energy costs resulted in further increases to the Ofgem Energy Price Cap, reinforcing the importance of effective energy management, asset optimisation and long-term estate planning.

Higher fuel prices also continued to affect service delivery. Increased diesel and petrol costs placed additional pressure on facilities management operations, patient transport services, logistics, linen distribution and waste collection activities. As a result, NHS organisations are increasingly expected to show how support services contribute directly to organisational outcomes, including patient experience, operational efficiency, sustainability, resilience and carbon reduction. The focus is therefore shifting from compliance alone towards evidencing demonstrable improvements in service performance and productivity.

This changing environment means procurement must increasingly be designed around assurance, outcomes, resilience and whole-life value. Estates and FM specifications should continue to reflect current NHS policies, technical standards and compliance requirements, but procurement strategies should also consider energy performance, decarbonisation, digital capability, supplier resilience and measurable service outcomes rather than focusing solely on price.

Across transport, waste, linen and laundry and corporate services, rising operating costs have reinforced the importance of route optimisation, service efficiency, high-quality data and continuous improvement. Simpler recycling requirements, NHS net-zero commitments and increasing sustainability expectations are driving demand for stronger reporting, transparent performance monitoring and supplier led innovation.

Procurement documentation, governance arrangements and contract management approaches should also reflect growing expectations around transparency, social value, supplier resilience and performance management. In an environment of continued fiscal pressure, buyers should focus on whole-life value, operational outcomes and supplier capability while maintaining robust mechanisms for monitoring delivery, compliance, carbon impacts and performance throughout the contract lifecycle.

Nawaz Habib

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

UK Businesses Economic Outlook

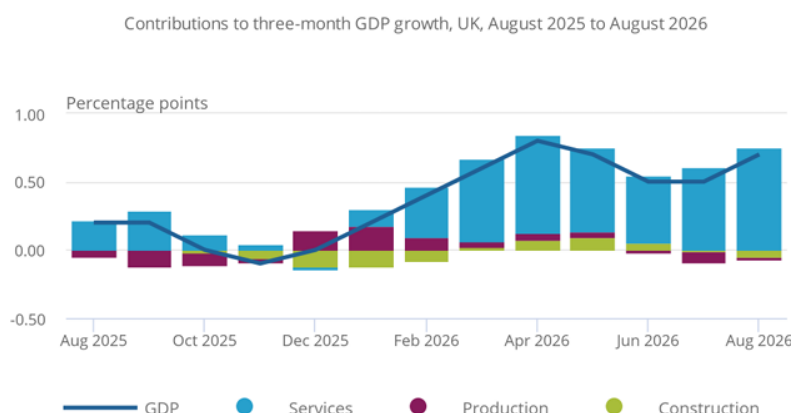
Headline Indicators Summary

The economic indicators

Key statistics for the UK economy report covering summer 2026 presents a mixed picture: economic growth strengthened modestly, employment remained relatively stable and consumer confidence improved. However, inflation began rising again, public borrowing remained elevated, productivity weakened and financial uncertainty increased.

Gross Domestic Product (GDP)

UK GDP grew by 0.4% in the three months to July 2026 and later estimates showed growth strengthening to 0.7% in June-August 2026. Growth was driven primarily by the services sector, while construction and production remained weaker.



Source: Gross domestic product (GDP) monthly estimate from the Office for National Statistics

What it means: The economy is growing, but only moderately.

Procurement implications

Public sector: Reduced immediate recession risk means fewer supplier failures than during economic downturns. Government departments are likely to continue investing in transformation, digitalisation and infrastructure projects. Demand for outsourced professional services may remain stable.

NHS: Service demand is unlikely to ease significantly. Suppliers are more likely to pursue growth opportunities and may be less willing to offer aggressive discounts. Capital projects may continue but remain subject to affordability assessments.

Buyer action can be

- Continue forward procurement planning
- Secure strategic suppliers through longer-term frameworks where value can be demonstrated.

Productivity

UK productivity fell by 1.2% in Q2 FY2026/27 compared with the previous quarter and was down 0.2% year on year.

What it means: The UK economy is producing less output per worker or per hour worked.

Procurement implications:

Public sector: Treasury pressure to demonstrate efficiency savings will increase. Procurement functions can be expected to deliver measurable productivity improvements. Increased focus on automation and digital procurement solutions.

NHS: Greater emphasis on procurement led efficiency. More scrutiny of agency staffing, consumables spend and contract management. Increased interest in technology that reduces administrative workload.

Buyer action can be:

- Build stronger benefits realisation tracking
- Prioritise automation, AI-supported processes and digital workflow tools
- Demonstrate cashable and non-cashable savings

Inflation

Consumer Price Inflation (CPI) rose from 2.9% in July to 3.1% in August 2026. The Bank of England warned inflation could rise further and exceed 4% during early 2027.

What it means: Inflationary pressures have returned after a period of stabilisation.

Procurement implications:

Public sector: Suppliers may increasingly seek contract price increases. Inflation clauses can come under renewed scrutiny. Budget holders may experience reduced purchasing power.

NHS: Medical consumables, estates maintenance, facilities management and pharmaceutical related costs may rise. Energy intensive services could become more expensive.

Buyer action can be:

- Review inflation adjustment mechanisms
- Challenge supplier cost increase requests using evidence
- Aggregate demand to improve buying leverage
- Lock in prices where market conditions permit

Interest rates and monetary policy

The Bank of England maintained Bank Rate at 3.75% in September 2026.



What it means: Borrowing costs remain relatively high and may rise again.

Procurement implications:

Public sector: Private Public Partnership/PFI refinancing and capital financing costs remain elevated. Suppliers carrying significant debt may face financial stress.

NHS: Estate developments and major capital programmes could face affordability pressures. Medical technology suppliers dependent on financing may increase prices.

Buyer action can be:

- Increase supplier financial health assessments
- Include financial resilience checks in tender evaluations
- Monitor credit risk of strategic suppliers

Earnings and wage growth

Average wages excluding bonuses increased by 3.5%, exceeding inflation and resulting in modest real wage growth.

What it means: Labour costs continue to rise despite slower inflation.

Procurement implications:

Public sector: Service contracts with high labour content will continue to experience upward cost pressure. Security, cleaning, social care and professional services providers may seek contract uplifts.

NHS: Workforce intensive contracts such as facilities management, catering, cleaning and temporary staffing are likely to become more expensive.

Buyer action can be:

- Understand suppliers' labour cost exposure
- Benchmark labour rates regularly
- Consider outcome-based contracts rather than resource-based models

Employment

Employment increased to 34.48 million, although the employment rate eased slightly to 75.1%.

What it means: The labour market remains reasonably strong despite some signs of cooling.

Procurement implications:

Public sector: Specialist skills remain difficult to secure. Procurement, digital, estates and construction expertise will remain competitive.



NHS: Clinical workforce shortages continue to affect supply chains and service delivery. Competition for specialist technical resources remains high.

Buyer action can be:

- Engage suppliers earlier
- Use framework agreements to secure scarce resources before demand increases

Unemployment

Unemployment increased to 4.9%, with approximately 1.78 million unemployed people.

What it means: The labour market is softening.

Procurement implications:

Public sector: Some sectors may experience reduced wage inflation. Competition among suppliers may increase as organisations seek new revenue opportunities.

NHS: Potentially improved access to non-clinical support resources. Greater opportunity to negotiate value in certain outsourced services.

Buyer action can be:

- Re-test markets before extending contracts
- Increase competitive tendering where appropriate

Consumer confidence

Consumer confidence reached its highest level in more than two years by September 2026.

What it means: Businesses are more optimistic about future economic conditions.

Procurement implications:

Public sector: Supplier investment levels may increase. Innovation and market participation in tenders may improve.

NHS: Greater supplier willingness to invest in service innovation and partnership models.

Buyer action can be:

- Encourage innovative procurement approaches
- Use market engagement exercises to identify new solutions

Public finances

Government borrowing remained higher than expected and public sector net debt stood at 94.0% of GDP at the end of September 2026.

What it means: The fiscal environment remains constrained.

[Estates, Facilities Management, and Corporate Services \(EFMCS\) Market Intelligence Report – September 2026](#)

NHS London Procurement Partnership



Procurement implications:

Public sector: Efficiency and cash release savings will become increasingly important. Greater scrutiny from HM Treasury and departmental finance teams. Budget approvals may take longer.

NHS: Productivity, value and cash releasing savings will become major priorities. Capital funding may face tighter controls.

Buyer action can be:

- Strengthen business cases.
- Focus on total cost of ownership/ value-based procurement rather than purchase price alone.
- Demonstrate measurable social value and return on investment.

International economic environment

The UK economy grew by 0.5% in Q2 2026, broadly in line with other advanced economies, while the IMF and OECD forecast UK growth of around 1.1%-1.3% for 2026.

What it means: Global growth remains positive but uncertain.

Procurement implications:

Public sector: International supply chains remain exposed to geopolitical disruption. Exchange rate movements may affect imported goods.

NHS: Medical devices, pharmaceuticals and imported equipment remain vulnerable to global market shocks. International freight costs may fluctuate.

Buyer action can be:

- Increase supply chain resilience monitoring
- Diversify critical suppliers where possible
- Develop contingency plans for essential goods

Executive summary for decision makers:

The UK economy is growing, but inflation, public debt and productivity challenges are creating a tougher financial environment. Procurement teams across government and the NHS will face increasing pressure to deliver demonstrable value, manage supplier inflation, protect supply chain resilience and generate measurable savings. Strategic procurement, robust contract management and rigorous supplier assurance will be more important than simple cost reduction over the next 12-18 months. ([House of Commons Library – Economic Indicators](#))

Estates, Facilities Management and Corporate Services Economic Outlook

UK Energy Prices: Insights and Forecast

During Q2 FY 2026/27 (July-September), UK energy markets moved back into an upward price cycle after a period of moderation. Rising wholesale gas costs largely linked to geopolitical instability, pushed energy prices higher and led Ofgem to increase the domestic Energy Price Cap by 13% from 1 July 2026 and announce a further 4% increase from 1 October 2026. Despite being significantly below the peak of the 2022 energy crisis, household energy costs remained substantially higher than pre-pandemic levels. ([ofgem.gov.uk](https://www.ofgem.gov.uk)), ([ofgem.gov.uk](https://www.ofgem.gov.uk)), ([commonshouse.org.uk](https://www.commonshouse.org.uk))

The overall picture at the end of September 2026 was:

- Energy prices rising again
- Wholesale gas remaining the key risk factor
- Fuel and transport costs increasing sharply
- Further increases expected through winter 2026/27
- Continued pressure on public sector and NHS operational budgets.

Ofgem increased the Energy Price Cap by **13%** for the July-September 2026 period and subsequently announced a further **4% increase** for October-December 2026.

Cost	July to Sept 2026	Oct to Dec 2026
Wholesale incl. contracts for difference	44%	47%
Networks	25%	24%
Operating, debt and industry costs	17%	17%
Policy	6%	6%
Earnings Before Interest and Tax (EBIT) allowance	2.6%	2.7%
Headroom	1%	1%
Levelisation allowance	0.5%	0.5%
VAT (gas)	5%	5%
VAT (electricity)	5%	0%
Total	£1,663	£1,723

Key message: Energy costs are no longer falling. The market entered a renewed inflationary phase during summer 2026 due to higher wholesale gas prices.

Non-Domestic energy prices

Business energy markets were more stable than domestic markets but showed increasing pressure. According to the Quarterly Energy Prices September 2026 release: ([assets.pub...ice.gov.uk](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000000/quarterly-energy-prices-september-2026.pdf))

Indicator	Change vs Q2 2025
Non-domestic electricity	+2.0%
Non-domestic gas	-0.6%
Manufacturing electricity	+4.0%
Manufacturing gas	+6.3%

Key message: Whilst business energy prices have been relatively stable, cost pressures are beginning to re-emerge, particularly for energy-intensive operations.

Oil, petrol and diesel prices

The Quarterly Energy Prices September 2026 statistical release highlighted significant fuel price inflation.

Annual change:

Fuel	Change vs Sept 2025
Petrol	+26.1%
Diesel	+35.1%

Key message: Transport and logistics costs increased significantly across the quarter, creating additional inflationary pressure on supply chains.

Why does it matter?

Energy is a significant cost driver across Estates and Facilities, particularly for heating, ventilation and air conditioning, lighting, building engineering services, laundry, catering and other energy-intensive services. Higher and more volatile energy prices can increase both the direct cost of operating public estates and the costs incurred by FM suppliers, creating pressure for contract price increases.

What does it mean for buyers?

Buyers should expect greater budget and supplier pricing pressure and scrutinise energy related assumptions within tenders and existing contracts. Particular attention should be paid to indexation and price-review clauses, open-book cost evidence, whole-life cost evaluation, energy efficiency and decarbonisation. Where suppliers seek increases attributed to energy costs, buyers should ensure these are supported by evidence and distinguish genuine energy cost movements from broader inflationary increases.

Actions to consider

NHS LPP suggests that procurement teams should consider the following actions:

- Review energy-exposed contracts and identify services most vulnerable to rising costs, such as FM, HVAC, laundry and catering.
- Challenge supplier price increases, requiring evidence that uplifts reflect genuine energy-cost movements.
- Review indexation and price-review clauses to ensure energy-related risks are appropriately managed.
- Strengthen whole-life costing, considering energy consumption and efficiency alongside purchase price.
- Use early market engagement to understand supplier exposure to energy volatility and potential pricing pressures.
- Build energy efficiency and carbon reduction into specifications, KPIs and contract management.
- Stress-test budgets against further energy-price increases during 2027.

A procurement note

NHS and public sector buyers should move from simply reacting to supplier price increases towards actively managing energy exposure, contractual risk, whole-life cost and demand reduction across the Estates and Facilities portfolio.



Estates, Facilities Management and Corporate Services market overview

Facilities Management market overview

The UK Facilities Management (FM) market remained resilient through Q2 FY2026/27, but the external environment became more challenging as rising energy costs, increasing inflationary pressures and ongoing public sector budget constraints reinforced the need for FM providers to deliver demonstrable value rather than simply low-cost service provision. The market continued its shift away from traditional cost reduction models towards operational resilience, compliance assurance, energy efficiency, technology enabled service delivery and measurable outcomes. Developments in artificial intelligence (AI), predictive maintenance, data analytics, digital twins, IoT-enabled monitoring and integrated asset management platforms are increasingly influencing how FM services are specified, delivered and measured. ([ofgem.gov.uk](https://www.ofgem.gov.uk)), (commonslib...liament.uk), (commonslib...liament.uk)



Decarbonisation remains a major driver of FM procurement activity. Across the NHS and wider public sector, net-zero commitments are increasingly moving from strategy into implementation, supported by estate decarbonisation programmes, energy-efficiency investments and asset optimisation initiatives. Rising energy prices during Q2 have further strengthened the business case for energy management, carbon reporting, retrofit projects, smart building technologies and lifecycle asset planning. FM providers are therefore expected to play a growing role in helping organisations improve building performance whilst reducing operational costs and carbon emissions. (commonslib...liament.uk), (commonslib...liament.uk), (gov.uk)

What has changed?

The FM market has continued its transition from service-based delivery towards outcome-based estate performance management. However, several themes became notably more prominent during Q2 FY2026/27:

- Rising energy costs have elevated the importance of energy management, building optimisation and operational efficiency.
- Public-sector organisations are placing greater emphasis on productivity and value-for-money as fiscal pressures persist and public debt remains high.
- NHS and public-sector estate decarbonisation programmes are increasingly moving from planning into implementation and delivery phases.
- FM providers continue investing in AI-enabled maintenance, predictive analytics, IoT monitoring, digital building management systems and data-led asset optimisation.
- Supplier resilience, technical capability and workforce capacity are attracting greater scrutiny as buyers seek long-term operational certainty amid inflationary and energy-related cost pressures.

Why does it matter?

These developments continue to change the role of Estates and Facilities teams from operational service managers into strategic contributors to organisational performance. Increasing regulatory requirements, ageing estate infrastructure, rising energy costs and net-zero obligations mean FM providers are now expected to deliver measurable improvements in:

- Compliance performance
- Asset reliability and lifecycle management
- Energy efficiency and utility consumption
- Carbon reduction
- Operational resilience
- Service user experience
- Productivity and value creation

Success increasingly depends upon the use of robust asset data, performance intelligence and predictive analytics to support informed decision making, reduce risk and demonstrate measurable outcomes beyond traditional service outputs.

What does it mean?

For public-sector buyers, the market is continuing to move away from awarding contracts based primarily on lowest cost and towards evaluating overall value, resilience and long-term outcomes. Procurement exercises increasingly need to assess:

- Supplier capability and resilience
- Decarbonisation and energy-management expertise
- Compliance management capability
- Digital maturity and data quality
- Workforce competency and technical skills
- Sustainability and environmental performance
- Social value delivery
- Whole-life asset performance

As energy costs remain elevated and inflationary pressures persist, buyers should expect suppliers to place greater emphasis on demonstrating efficiency improvements and may also seek adjustments linked to legitimate increases in labour, transport and utility costs.

Public sector procurement strategies should therefore place increasing emphasis on outcome-based specifications, robust performance measures and suppliers' ability to evidence delivery against environmental, social, operational and financial objectives throughout the contract lifecycle.

Actions to consider

NHS LPP suggests that procurement teams should consider the following actions:

- Review existing FM specifications to ensure they focus on outcomes and performance measures, including compliance, asset reliability, energy efficiency, carbon performance and user experience, rather than service inputs alone.
- Strengthen net-zero and sustainability requirements within procurement strategies, specifications, evaluation criteria and contract management frameworks, ensuring suppliers can demonstrate credible carbon reduction plans and energy management capability.

- Review performance frameworks and KPIs to ensure they align with strategic objectives such as energy reduction, carbon savings, asset performance, service quality, user experience, resilience and compliance outcomes.
- Assess supplier workforce resilience and technical capability, particularly in specialist engineering, building controls, sustainability, lifecycle management and digitally enabled FM services, given continuing labour and skills pressures.
- Ensure procurements capture meaningful social value commitments, including employment opportunities, apprenticeships, training, local economic growth and community benefits, with clear mechanisms for monitoring delivery throughout the contract lifecycle.
- Undertake early market engagement to understand how suppliers are responding to emerging requirements around AI, building analytics, compliance assurance, data management, building optimisation and decarbonisation.
- Review energy related contractual provisions, particularly inflation, energy cost recovery and utility risk allocation mechanisms, to ensure contracts remain commercially sustainable whilst delivering value for money.

Estates Facilities Management related NHS LPP frameworks

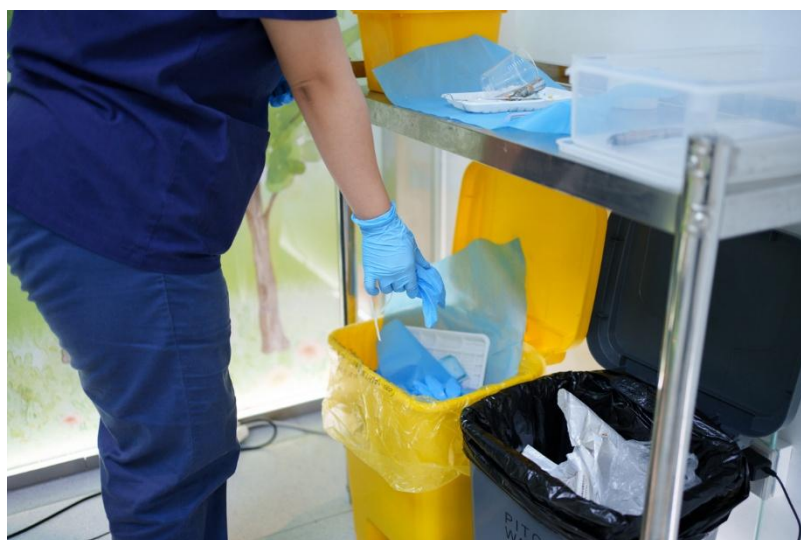
[Total Facilities Management Framework](#)

[Works and Maintenance Dynamic Purchasing System](#)

[Estates & Facilities Consultancy Services Dynamic Purchasing System](#)

Waste Management Services market overview

During July to September 2026, the UK waste management market continued its transition from regulatory implementation towards operational optimisation, compliance assurance, cost control and performance improvement. The introduction of Simpler Recycling requirements is increasingly embedded across businesses and non-domestic premises, including NHS organisations, with greater emphasis placed on segregation quality, food waste collection, recycling performance and auditable waste data. At the same time, rising energy costs, inflationary pressures and increasing landfill taxation have



strengthened the focus on reducing residual waste volumes and improving resource efficiency.

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Cost pressures became increasingly significant during Q2 FY2026/27. The increase in HM Revenue & Customs Landfill Tax from April 2026 continues to influence disposal strategies, with the standard rate increasing from **£126.15 to £130.75 per tonne** and the lower rate increasing from **£4.05 to £8.65 per tonne**. These higher disposal costs are increasing the financial incentive to improve segregation, reduce contamination and divert waste away from landfill towards recycling, recovery and alternative treatment routes. In parallel, rising diesel and transport costs during Q2 FY2026/27 have created further cost pressures across collection and haulage services. [\(assets.pub...ice.gov.uk\)](#), [\(commonslib...liament.uk\)](#)

What has changed?

The waste management market has largely shifted from preparing for regulatory changes towards demonstrating compliance, performance and continuous improvement. Several themes became more prominent during Q2 FY2026/27:

- Simpler recycling implementation has moved into operational delivery, increasing scrutiny of segregation performance and contamination levels.
- Higher Landfill Tax continues to strengthen incentives to divert waste away from landfill.
- Rising fuel and energy costs are increasing pressure on collection, transport and treatment costs.
- Clients are demanding more detailed waste data reporting and auditable environmental performance information.
- Waste contracts are increasingly evaluated against carbon reduction, circular economy outcomes and resource efficiency objectives rather than purely collection costs.
- NHS and public sector organisations are placing greater emphasis on measurable sustainability outcomes and waste-related carbon reduction.

Why does it matter?

Waste management is becoming a more significant cost, compliance and sustainability issue across the NHS and wider public sector. Poor segregation increases:

- | | |
|------------------------------|--------------------|
| • Disposal costs | • Carbon impacts |
| • Landfill taxation exposure | • Compliance risks |

Conversely, effective waste management contributes directly to:

- | | |
|--------------------------|------------------|
| • Operational efficiency | • Cost reduction |
|--------------------------|------------------|

Estates, Facilities Management, and Corporate Services (EFMCS) Market Intelligence Report – September 2026

NHS London Procurement Partnership

- Carbon reduction
- Circular economy objectives
- NHS net-zero ambitions
- Sustainability reporting requirement

As public finances remain constrained and productivity remains under scrutiny, there is growing pressure to demonstrate tangible financial and environmental returns from waste contracts.

What does it mean?

For public sector buyers, waste procurements should increasingly focus on measurable outcomes rather than collection activity alone. Tender exercises should assess:

- Segregation performance
- Contamination management
- Recycling and recovery rates
- Landfill diversion
- Carbon reporting capability
- Site level management information
- Waste minimisation initiatives
- Supplier led innovation
- Continuous improvement plans
- Compliance assurance and auditability

Given rising transport, energy and disposal costs, whole-life value assessments are becoming increasingly important when evaluating service models and supplier proposals.

Actions to consider

NHS LPP suggests that procurement teams should consider the following actions:

- Review current waste specifications to ensure they include food waste separation, compliant collection arrangements, audit rights, traceability requirements and robust reporting obligations.
- Review pricing mechanisms and indexation clauses to ensure they appropriately reflect changes in fuel, labour, energy and disposal costs while maintaining transparency and value for money.
- Incorporate supplier KPIs covering recycling rates, contamination levels, landfill diversion, carbon reporting, service reliability and waste reduction performance.
- Focus on whole-life value rather than collection cost alone, considering disposal charges, recycling income opportunities, environmental impact and long-term cost avoidance.
- For NHS contracts, align specifications with NHS waste and sustainability objectives, ensuring suppliers can support wider net-zero and environmental commitments.
- Undertake market engagement exercises to understand supplier capability, innovation, treatment capacity, resilience and ability to meet increasing reporting requirements.
- Build continuous improvement obligations into contracts, requiring suppliers to identify opportunities to improve segregation, reduce waste volumes, increase recycling performance and support carbon reduction objectives throughout the contract term.
- Strengthen waste data requirements, ensuring suppliers can provide site level analytics, contamination tracking, benchmarking information and actionable performance insights.

Waste Services related NHS LPP frameworks

[Waste Management Services Dynamic Purchasing System](#)
[Managing Agent Service Responsible for Managing Outsourced Waste Management Services](#)

Transport Services market overview

A significant development in July to September 2026 was the first publication of the national Non-Emergency Patient Transport Services (NEPTS) dataset on 9 July. Covering data through 2024/25, it gives NHS organisations and ICBs greater visibility of the provider landscape, activity, performance and expenditure. Data completeness was generally good, although NHS England identified gaps in areas including costs, eligibility criteria and the Healthcare Travel Costs Scheme.

Digital capability is becoming increasingly important to service delivery. Booking and scheduling technology, journey tracking and more accurate management information can help commissioners improve vehicle utilisation, reduce waiting times and monitor performance. The availability of the national NEPTS dataset reinforces this direction by establishing greater transparency around activity and service performance. Decarbonisation remains another important market driver. The NHS Net-Zero Travel & Transport Roadmap sets an ambition for all non-emergency patient transport to be undertaken in zero-emission vehicles by 2035, while all new ambulances are intended to be zero-emission from 2030.

For procurement teams, this means bidders' booking, scheduling, tracking, reporting and system-integration capabilities should increasingly be assessed alongside traditional fleet and operational capacity.

What has changed?

Over the past year, patient transport has moved towards more standardised, data-led and sustainable commissioning, with greater focus on digital scheduling, eligibility, performance and zero-emission fleets. Since last quarter, this has accelerated with the first national NEPTS dataset published in July 2026.

Why does it matter?

Patient transport has a direct impact on hospital flow, discharge efficiency, patient experience and estates infrastructure, while the NHS commitment for all NEPTS journeys to use zero-emission vehicles by 2035 creates growing requirements around EV fleet transition and charging infrastructure. NHS Net-Zero Travel & Transport Roadmap.



What does it mean?

Buyers should increasingly evaluate service resilience, journey performance, mobilisation capability, digital booking and tracking, patient accessibility, management information and fleet decarbonisation, rather than

focusing primarily on vehicle availability and price. The increasing availability of national NEPTS performance data should also support stronger benchmarking, KPIs and contract management.

Actions to consider

NHS LPP suggests that procurement teams should consider the following actions:

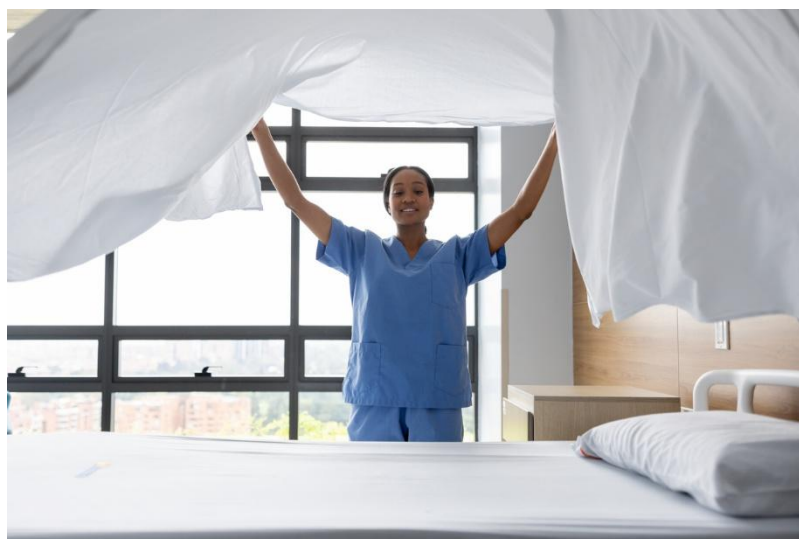
- Strengthen performance KPIs around on-time arrival, patient waiting times, aborted journeys, discharge responsiveness, complaints and patient experience, using emerging national NEPTS data to support benchmarking.
- Test provider capacity and resilience, including fleet availability, workforce levels, subcontracting arrangements, business continuity and the ability to manage demand peaks and short-notice discharge journeys.
- Assess digital capability, including real-time vehicle tracking, automated scheduling, patient communications and integration with Trust booking and discharge systems.
- Plan for fleet decarbonisation, including EV transition, charging infrastructure and route optimisation, particularly given the NHS direction towards zero-emission patient transport.
- Apply NHS Carbon Reduction Plan requirements proportionately in patient transport procurements and assess whether suppliers have credible carbon-reduction commitments and plans. NHS England's current procurement guidance extends these requirements across NHS procurements.

Transport Services related NHS LPP frameworks

[Non-Emergency and other transport services – Dynamic Purchasing System](#)

Linen and Laundry Services market overview

The UK Linen and Laundry Services market remained stable during Q2 FY2026/27, although operating conditions became more challenging as rising energy prices, higher fuel costs, labour pressures and increasing sustainability requirements continued to affect service delivery. Across the NHS and wider public sector, buyers are placing greater emphasis on operational resilience, data transparency, infection control compliance, sustainability performance and whole-life value rather than simply unit pricing. Rising utility costs have reinforced the importance of



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NHS London Procurement Partnership

energy efficient laundry operations, route optimisation, textile lifecycle management and linen loss reduction initiatives. ([ofgem.gov.uk](https://www.ofgem.gov.uk)), ([assets.pub...ice.gov.uk](https://assets.publishing.service.gov.uk)), ([commonslib...liament.uk](https://commonslibrary.parliament.uk))

Sustainability and decarbonisation remain major market drivers. NHS organisations continue to strengthen expectations around carbon reduction, environmental reporting and resource efficiency, while suppliers are increasingly investing in automation, textile reuse programmes, water efficiency measures and energy efficient processing technologies. Industry engagement during 2026 has highlighted continued challenges around rising costs, workforce pressures, linen loss and increasing sustainability expectations across healthcare laundry services. (textilemanager.co.uk), ([nhsprocure...ent.org.uk](https://nhsprocurement.nhs.uk)),

What has changed?

The Linen and Laundry market has continued to evolve from a predominantly volume-based service towards a more data-driven, sustainable and performance-focused model. Since the previous quarter:

- Rising energy and transport costs have increased focus on operational efficiency and cost management.
- NHS and public sector buyers are placing greater emphasis on sustainability, carbon reduction and resource efficiency.
- Suppliers continue investing in automation, inventory visibility and data-led service management to reduce linen losses and improve asset utilisation.
- Workforce availability, productivity and resilience remain key operational considerations across industrial laundry services.
- Growing attention is being given to textile lifecycle management, repair, reuse and recycling as organisations seek to reduce waste and carbon impacts.

Why does it matter?

Linen and laundry services play a critical role in:

- | | |
|------------------------------------|-------------------------------|
| • Infection prevention and control | • Clinical service continuity |
| • Patient safety | • Operational resilience |
| • Patient experience | |

In addition, increasing energy costs, sustainability requirements and financial pressures mean that laundry services are becoming more strategically important within estates and facilities management functions. Effective linen management can help organisations:

- Reduce operating costs
- Minimise linen losses
- Improve stock availability
- Lower carbon emissions
- Enhance compliance performance
- Support NHS net-zero objective

What does it mean?

For public sector buyers, procurement exercises should increasingly evaluate service outcomes rather than simply price per item processed. Tender evaluations should assess:

- Service resilience and continuity
- Infection control compliance
- Linen availability and stock management
- Innovation such as RFID tracking capability
- Carbon reduction initiatives
- Energy and water efficiency
- Repair and reuse programmes
- Data quality and reporting
- Workforce resilience
- Continuous improvement capability

Given increasing utility, labour and transport costs, buyers should also seek greater transparency around pricing structures, indexation mechanisms and efficiency commitments.

Actions to consider

NHS LPP suggests procurement teams should consider the following actions:

- Review linen and laundry specifications to ensure they focus on service outcomes including linen availability, infection control compliance, stock accuracy, turnaround times and service resilience.
- Assess supplier sustainability capability, including energy efficiency, water management, carbon reporting, textile reuse, repair programmes and waste-reduction initiatives.
- Strengthen KPIs around turnaround times, linen losses, stock accuracy, service continuity, complaints management and quality assurance.
- Evaluate digital maturity, including inventory management systems, usage analytics, automated reporting and visibility of linen movements across sites.
- Assess supplier resilience, including workforce capacity, contingency arrangements, business continuity planning, transport resilience and processing capacity.
- Review pricing and indexation provisions, particularly where contracts may be affected by changes in energy, fuel or labour costs.
- Encourage continuous improvement programmes, focusing on reducing linen losses, improving asset utilisation, lowering environmental impacts and optimising service efficiency.
- Undertake early market engagement to understand emerging developments in laundry automation, sustainability reporting, textile recycling and digital inventory management.

Transport Services related NHS LPP frameworks

[Linen and Laundry services – Dynamic Purchasing System](#)

Corporate Services market overview

Over the past year, the NHS corporate services market has moved from broad transformation and efficiency planning towards delivery against explicit productivity and financial targets. Finance, HR, payroll, procurement, estates and other support functions remain under pressure to reduce administrative overhead while protecting service resilience and frontline delivery. The NHS Productivity Plan update confirms a requirement for 2% annual productivity improvement over the Spending Review period, compared with historical NHS productivity growth of around 0.6% per year.

What has changed?

Since Q2, the most significant development has been the acceleration of AI and digital automation, and stronger scrutiny of measurable productivity, service quality and financial benefits.

Why does it matter?

Corporate services are increasingly expected to release capacity and reduce administrative cost without weakening operational control. Finance, HR, procurement, payroll and estates processes directly affect recruitment, supplier payments, purchasing and frontline operations, so poorly implemented automation or restructuring can simply transfer workload elsewhere rather than deliver genuine productivity improvements.



What does it mean?

Buyers should increasingly demand evidence of measurable benefits rather than relying on transformation claims, including baseline-to-target improvements in processing time, FTE capacity released, transaction cost, error rates and user experience. Technology and shared-service solutions should also demonstrate interoperability, information governance, implementation capability and resilience.

Actions to consider

NHS LPP suggests that procurement teams should consider the following actions:

- Identify high-volume administrative processes for automation, such as invoice processing, procurement administration, HR queries, reporting and document production.
- Establish clear productivity baselines before procurement, so promised savings can be measured after implementation.

- Evaluate AI and automation on outcomes, including hours released, transaction costs, processing times and error reduction, rather than functionality alone.
- Prioritise interoperability and data quality, particularly where platforms need to integrate HR, finance, procurement and estates information.
- Build benefits-realisation KPIs into contracts, with suppliers accountable for agreed productivity and service improvements.

Buyer takeaway

For buyers, the strongest propositions will be those that combine automation and AI with credible implementation plans, measurable benefits, interoperability and service resilience.

Corporate Services related NHS LPP frameworks

[Payroll Services Framework](#)

The Payroll Services Framework Agreement is an accredited framework through the NHS England Framework Accreditation Scheme. Where NHS buyers intend to purchase from a framework, they are expected to use an accredited framework, and the Payroll Services framework supports NHS buyers in meeting this requirement.

[Analysis and Recovery Framework](#)

[CPC Drive - Vehicle Leasing and Salary Sacrifice Scheme](#)

Sustainability - EFMCS



Sustainability remained a major focus for NHS Estates and Facilities teams over the last quarter. Activity has centred on estate decarbonisation, energy resilience, renewable energy investment, backlog maintenance reduction, and implementation of updated Green Plans.

There are significant opportunities in energy use in buildings, waste, water and new sources of heating and power generation to reduce emissions and provide financial savings.

UCLH have used some of the actions below to reduce their annual energy bill by between 72 and 83% - if emulated across the NHS this could cut the

NHS wide energy bill from £576 million to £98 million (based on 2019-20 figures).

The Health Care Services (Provider Selection Regime) Regulations 2023

Overview of the Provider Section Regime and the impact on future procurements

The Health Care Services (Provider Selection Regime) Regulations 2023 (PSR) came into force on 1 January 2024 and fundamentally changed how NHS bodies procure healthcare services in England. The regime was introduced under the Health and Care Act 2022 and applies to NHS England, Integrated Care Boards (ICBs), NHS trusts, NHS foundation trusts and local authorities when relevant healthcare services.

The Regulation was designed to move the NHS away from unnecessary competitive tendering and towards a more collaborative model focused on patient outcomes and continuity of care.

What does this mean for Procurement Teams?

Procurement teams must now demonstrate why a particular route has been selected and maintain auditable records supporting their decision. While competition is reduced, governance requirements have not disappeared. Transparency notices, standstill arrangements and record-keeping obligations remain important.

For many NHS organisations, the most immediate impact of the PSR will be the large number of healthcare contracts originally let under PCR 2015 that are now approaching renewal. As a result, reviews will become critical and procurement teams should review all healthcare contracts to identify:

- Healthcare contracts expiring within the next 12-36 months
- Whether contracts fall within PSR scope
- Potential procurement route under PSR
- Required governance approvals and timelines.

Buyer takeaway

The PSR represents a significant shift from the competition-led approach of PCR 2015 to a model centred on continuity and patient outcomes. As existing contracts awarded under PCR 2015 expire, NHS organisations will no longer be expected to retender by default. Instead, relevant authorities must make evidence-based decisions on whether to re-award, directly award or compete services under the PSR, placing greater emphasis on contract performance than on procurement process alone.



NHS LPP EFMCS News

The NHS London Procurement Partnership EFMCS team is reprocurring below agreements:

- Non-Emergency Patient Transport Services as a Framework Agreement under the Provider Selection Regime.
- Total Facilities Management as an Open Framework
- Estates and Facilities Consultancy Services
- Waste Management Services
- Linen and Laundry Services as an Open Framework

These agreements will focus on quality and innovation, value, SME inclusion, sustainability and social value, offering members and the wider NHS an agreement to meet the changing needs of the NHS.

The procurement of these agreements, is directly aligned with both national and organisational strategies to modernise, integrate and improve Estates, FM and Transport services. NHS LPP is looking for volunteers (Technical and Procurement subject matter experts) willing to support the procurement of above agreements.

NHS LPP Contacts

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

NHS LPP Agreement	Contact
Estates & Facilities Consultancy Services Dynamic Purchasing System	risha.mehta@nhs.net / nathan.jones17@nhs.net
Works and Maintenance Dynamic Purchasing System	ashwaq.fraser2@nhs.net / remmy.kamya@nhs.net
Non-Emergency Transport and Other Transport Services Dynamic Purchasing System	ashwaq.fraser2@nhs.net / remmy.kamya@nhs.net
Linen and Laundry Dynamic Purchasing System	remmy.kamya@nhs.net / risha.mehta@nhs.net
Managing Agent Service for Outsourced Waste Services	remmy.kamya@nhs.net
Total Facilities Management Framework	i.rumsey@nhs.net / nathan.jones17@nhs.net
Waste Management Services Dynamic Purchasing System	risha.mehta@nhs.net / nathan.jones17@nhs.net

Payroll Services Framework	nathan.jones17@nhs.net / nawaz.habib@nhs.net
Sustainability and Social Value	simon.rowland7@nhs.net

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: gstt.customer@nhs.net



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- The Health Care Services (Provider Selection Regime) Regulations 2023
[The Health Care Services \(Provider Selection Regime\) Regulations 2023](#)