

FOR IMMEDIATE RELEASE JANUARY 2009

Facilities Management Outsourcing - Central and Local Government Markets - UK 2009-2013

New AMA report provides a major review of this significant sector of the Facilities Management Market

"The FM market is generally mature within central government departments, with further potential necessitating organic growth. However, there remain a number of sectors which are likely to provide a boost to the market over the next few years, including expansion and refurbishment of the prison estate, the modernisation of the courts service, batched police schemes and the development of additional immigration detention places."

A brief summary of the report is included on the following page.

Priced at £775, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

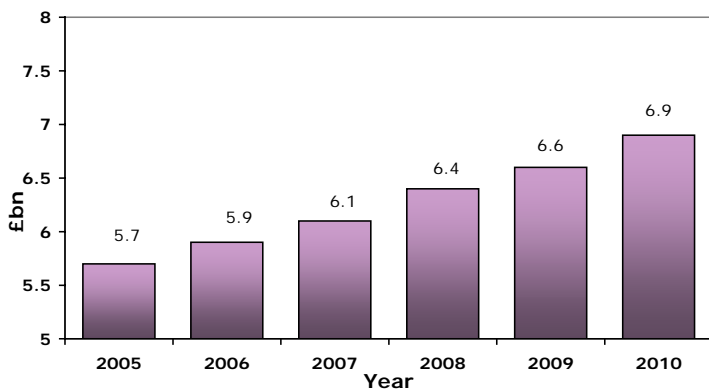
Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Keith Taylor or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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UK Bundled FM Outsourcing Market within Central and Local Government at Current Prices 2005 – 2010

The Facilities Management market has shown good growth since the early 1990's, influenced by the desire to control operational efficiencies and costs across a wide variety of sectors, as well as more recently a trend within the private sector for companies to refocus their business to concentrate on core competencies. Further growth since the turn of the millennium has resulted from the buoyant state of the economy, as well as public sector developments funded through the Private Finance Initiative (PFI)/ Public Private Partnerships (PPP). This has contributed to an overall market value for outsourced 'bundled' services and TFM of £14bn in 2007.

This report is specifically focussed upon Central and Local Government, representing the largest end use sector for outsourced FM services. Accounting for an estimated 44% of the overall market, **the market for outsourced 'bundled' services within Central and Local Government is valued at around £6.4bn in 2008**, with the development of this market between 2005 and 2010 illustrated in the chart above.

The Central and Local Government outsourcing market has been increasing in value by around 3-4% since the turn of the millennium, influenced to a significant degree by the focus on improving efficiency within government departments. Central Government represents the larger sub-sector, with outsourcing of 'bundled' FM services valued at around £4.5bn in 2008. However, the sector is generally considered to be mature, with growth rates of 2-3% in recent years largely dependent upon new property developments. In contrast, FM outsourcing within Local Government is less well established, enabling growth rates of 4-5% since the turn of the millennium to a value of around £1.9bn in 2008.

The penetration of FM outsourcing within the Central Government sector generally is estimated at around 60%. Sectors such as Central Government offices and the Ministry of Defence are considered to offer limited prospects for additional increases in penetration, although the devolved governments and prison sector are likely to offer some potential over the next few years. In contrast the local government sector is less mature with outsourcing accounting for around 30% of overall FM provision by value. However, outsourcing generally is increasing across the sector and combined with growth in the number of services being outsourced under 'bundled' contracts, this has contributed to good levels of growth in the Local Government arena.

At the time of writing this report there has been a marked deterioration in both the UK and global economic outlook. The UK economy is currently forecast to remain weak over the short to medium term, with the potential for a slow return to growth from 2010. While the market for FM outsourcing within Central and Local Government is less affected by the economic climate than other end use sectors, the severity of the current economic downturn is likely to have some impact. In order to lessen the impact of the economic downturn, the government has announced its intention to bring forward some planned spending commitments, potentially providing additional opportunities for FM providers in the sector.

The FM market is generally mature within central government departments, with further potential necessitating organic growth. However, there remain a number of sectors which are likely to provide a boost to the market over the next few years, including expansion and refurbishment of the prison estate, the modernisation of the courts service, batched police schemes and the development of additional immigration detention places.

AMA Research's report "**Facilities Management Outsourcing - Central and Local Government Markets – UK 2009-2013**" is available in hard copy or electronic format for £775 and can be ordered online at www.amaresearch.co.uk or by calling 0871 3103450.