

FOR IMMEDIATE RELEASE APRIL 2011

Facilities Management Outsourcing - Central and Local Government Markets - UK 2011-2015

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, particularly the need for more efficient running of back office services in order to meet budget cuts with minimal impact on front line service, which could see an increase in outsourcing to the local government sector."

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

Priced at £795, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.uk.

Editors Note:

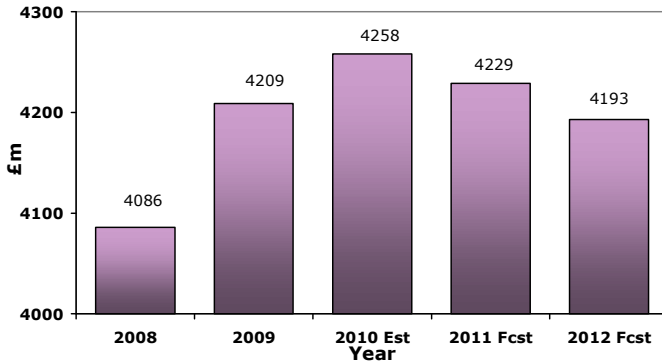
Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

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.

AMA Research Ltd
Montpellier House
Montpellier Drive
Cheltenham
Gloucestershire GL50 1TY
Tel: +44 (0)1242 235724
Fax: +44 (0)1242 262948
E-mail: keithtaylor@amaresearch.co.uk
Website: www.amaresearch.co.uk

Facilities Management Outsourcing - Central and Local Government Markets - UK 2011-2015



UK Bundled FM Outsourcing Market within Central and Local Government at Current Prices 2008 – 2012

This report focuses on the provision of multi-service or integrated contracts within the Central and Local Government sectors, in the context of which we estimate a market size of just over £4bn. The market has seen steady performance in recent years, and is likely to continue to maintain value around the £4 billion mark, although there will be some loss as social housing activity slows.

In the 1990s, rapid growth was experienced in the FM market as corporations and public sector organisations began to outsource non-core services. Since the turn of the millennium, the trend towards outsourcing continued aided by good economic conditions and high levels of construction.

Uncertainty in the global financial market has hit business and consumer confidence in recent years. This has resulted in some slowdown in the outsourcing of FM, with fewer opportunities available for market expansion.

The central and local government market is estimated to have grown just 1% in 2010 as, following the formation of the coalition government, the focus of government policy shifted away from government spending to stimulate the economy towards significant public sector expenditure cuts as the coalition seek to eliminate the structural deficit.

There is hope that the budget cuts will see departments, particularly in local authorities where FM penetration is lower, moving towards greater levels of outsourcing and bundling of services in order to meet efficiency savings, with larger contracts becoming available and boosting both these end use markets.

Social Housing is the largest end user within the central and local government FM outsourcing market. FM Outsourcing within Social Housing is well established and is generally considered to be mature, dominated by a number of large, specialist providers such as **Mears**, **Keepmoat** and the **Apollo Group**.

The local government sector is widely thought to be the sector with the greatest potential. With relatively low penetration of facilities services outsourcing and large budget cuts to be made without reducing front line services, it is thought likely that outsourcing will increase and more efficient bundling could gain ground from single service contracts.

Companies offering TFM tend to focus on a specific end user group in order to be able to offer a comprehensive range of products and services. The larger companies may focus on a wider end user base, offering services to the private and public sectors, but will usually have a stronger history of working in one or the other. The public sector, in particular, is dominated by these larger companies due to the large contracts on offer, particularly within PFI/PPP.

Following expansion in the late 1990s, early 2000s, the market has started to mature and new entrants to the market have slowed as it nears saturation point. The trend to consolidate and focus on core services, rather than diversify into new operations has added to the slow down, as have the worsening trading conditions, making entry into a new arena difficult. The area where entrants are most common is in niche, specialist sectors such as those supporting the local authority leisure sector.

AMA Research's report "**Facilities Management Outsourcing - Central and Local Government Markets - UK 2011-2015**" is available in hard copy or electronic format for £795 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.