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RMI in the Healthcare Sector Report - UK 2012-2015 Analysis

New AMA report reviews repair, maintenance and improvement activity in the UK healthcare sector and considers future prospects.

"The healthcare RMI market has shown reasonable growth over the previous decade, although in 2009/10 growth has slowed as the economy faltered and the change in government saw a shift in public sector spending. This has resulted in a market value of just under £1.2 billion in 2010."

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

Priced at £675, the report is currently available from AMA Research Ltd,
Telephone 01242 235724 or e-mail at sales@amaresearch.co.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.**

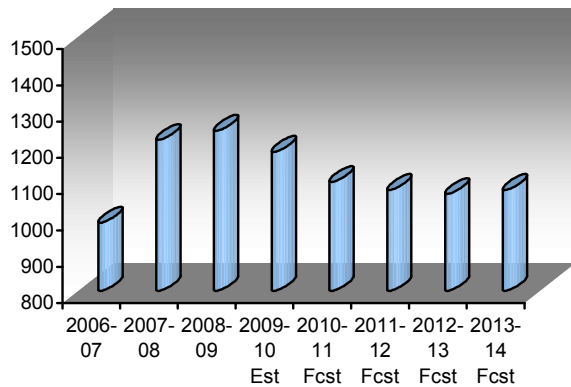
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Keith Taylor or Chris Moore on (01242) 235724.

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.

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Healthcare RMI Market (£M) 2004/5 – 2014/15



The healthcare RMI market has shown reasonable growth over the previous decade, although in 2009/10 growth has slowed as the economy faltered and the change in government saw a shift in public sector spending. This has resulted in a market value of just under £1.2 billion in 2010.

Growth in the market was good between 2004 and 2008, underpinned by a chronic repair backlog across the public sector, although new build and refurbishment programmes have been the main approach to dealing with the problem. Many of the worst affected institutions have

therefore seen overall condition improve.

As government cuts impacted on NHS budgets, the RMI market started to fall. Over the medium term, it is anticipated that the market will experience a slowdown. However, RMI will remain relatively buoyant in comparison to new work in this sector, supported by essential maintenance requirements, while planned maintenance programmes may be a necessary alternative to new build where costs need to be controlled.

Growth in healthcare RMI is largely underpinned by investment in buildings and M&E maintenance by NHS Trusts in England, which account for around 63% of RMI output. NHS Trusts from the three other home countries account for a further 19% of the market.

The public sector has seen consistently good growth in investment in RMI in the past decade, as the government attempted to expand capacity and reduce the maintenance backlog within all regions of the NHS. The market is likely to decline in the short term as budgets are tightened and funding is focused on front line services.

Total estates services costs, hard FM costs, for NHS England, the largest single end-user of RMI in health, were around £3.81 billion in 2009/10, with aggregate soft FM services (hotel services) totalling some £2.8 billion, giving an overall cost of support services of £6.64 billion. Whilst the independent healthcare sector saw the highest levels of growth between 2004/05 and 2007/08, this sector has also been the hardest hit by the recession. Hope remains for future growth when it is thought that changes to the NHS proposed by the new government could result in expansion of use of private facilities.

Supply of RMI services is highly fragmented and localised due in part to the wide range of services provided. In the state sector, at newer facilities (re)built under long-term DBFO contracts, RMI services are typically provided under 25+ year concessions by large facilities management companies. However, within the context of the entire UK estate, the proportion of RMI services that are delivered under long-term PFI/PPP concessions remains relatively small.

The market is expected to continue to show growth in the medium to long term future with total RMI in healthcare expected to be around £1.1 billion by 2014/15. Whilst this is 7% down on current figures, it is still 29% up on 2004/05

AMA Research's report **"RMI in the Healthcare Sector Report – UK 2012-2015 Analysis"** is available in hard copy or electronic format for £675 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.