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

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Introduction and Overview

AMA Research are pleased to announce the publication of the 2nd edition of the review of the **"Repair, Maintenance and Improvement (RMI) in the Healthcare Sector Report - UK 2012-2015 Analysis"**. This unique report focuses on key market trends, structure and change within the NHS England, NHS Scotland, NHS Wales and Northern Ireland, independent hospital and nursing homes sectors, and major 'hard' FM/RMI contractors.

Key areas in the report:

- RMI expenditure trends among NHS Trusts in England since 2004/05, and forecast to 2015.
- Buildings & engineering RMI expenditure levels by trust types e.g. acute hospitals, primary care etc.
- Assessment of maintenance backlog costs in England, Scotland and Wales.
- Analysis of structure, size and composition of NHS estates in England, Scotland, Wales & N Ireland.
- Estimates of level of RMI expenditure by independent hospital operators.
- Estimates of level of RMI expenditure by independent nursing homes operators.
- National and large regional contractors - including dedicated RMI services companies and FM contractors.

Underpinned by a chronic backlog of repairs in hospital buildings, the RMI market - currently valued at over £1.18 billion - is expected to slow in the short term as overall budgets are constrained and funding is channelled towards front line services. Over the longer term, the market is expected to return to growth as NHS organisations increase investment in RMI works on buildings to reduce their backlog of repairs.

Areas of particular interest:

- Unique review valuing the healthcare RMI sector.
- Trends and forecasts to 2015 for the market.
- Mixes by country, mix of NHS vs independent.
- Detailed analysis of RMI investment levels in NHS sector.
- Identification of leading RMI contractors.
- Detailed market data and insight on the repair, maintenance, improvement (RMI) in the healthcare sector by AMA

- Research, a leading UK provider of construction market intelligence.

Some of the companies featured include:

Balfour Beatty Workplace, BAM Construct, Carillion Facilities Management, Ecovert Facilities Management, Emcor (UK) Ltd, G4S Plc, General Healthcare Group, HCA International, Initial Facilities Management, Integral UK, Interserve Facilities Management, ISS UK, John Laing Integrated Services (JLIS), Kier Plc, MITIE Plc, OCS Group, Ramsay Health Care UK, Skanska Facilities Services, Sodexo Facilities Management, Spire Healthcare.

The Healthcare RMI Market

- Size of healthcare RMI market by contractors output - 2004/05 -2009/10 with forecasts to 2014/2015.
- Non-housing public sector RMI output by work types - M & E services, roofing, glazing etc.
- Overview of market trends.
- Market mix by types of establishment by contractors output.

RMI and the National Health Service (NHS)

- Structure and size of the NHS estate in England - composition by types of trust, by types of facilities operated, by number of beds operated and by size (gross internal floor area).
- Structure and size of the NHS estate in Scotland - composition by number and types of facilities operated, by number of beds operated and by size (gross internal floor area).
- Structure and size of the NHS estate in Wales and in Northern Ireland -by types of facilities and by number of beds operated.
- NHS estate in England - assessment of condition of buildings and maintenance backlog risk for each type of trust, amount of investment spent each year to reduce investment backlog.
- NHS estate in Scotland - assessment of condition of buildings and maintenance backlog risk.
- NHS estate in Wales - summary of maintenance backlog risk.
- NHS Trusts in England - expenditure on buildings & engineering RMI 2000 - 2008; estimate of mix in-house vs contracted delivery, expenditure levels on RMI by types of trust 2008.
- NHS Boards in Scotland - expenditure on buildings & engineering RMI by type of service and by type of facility 2008.
- NHS Boards in Wales and Northern Ireland - estimates of expenditure on RMI.

RMI and the Independent Hospitals and Nursing Homes

- Review of independent hospitals market by type of healthcare provision e.g. acute service, mental health services, NHS commissioning.
- Structure and size of the independent hospitals sector - number of hospitals and beds, identification of key providers & market shares; assessment of hospital sizes by average bed numbers.
- Assessment of expenditure on RMI services in independent hospital sector.
- Structure and size of the independent nursing homes sector - by number of homes and bed numbers; identification of the top 10 providers and market shares.

- Assessment of expenditure on RMI services in independent nursing homes sector.

RMI Services Provision

- Mix of in-house vs contracted services provision and supply routes e.g. PFI, LIFT, Procure 21.
- Identification of leading national and regional contractors offering RMI services to the healthcare sector.
- Contractor profiles - key contractors operating in the healthcare market -including Integral, Ian Williams, Kier Support Services, Carillion FM, Balfour Beatty Workplace, Emcor Facilities Services, Dalkia, Skanska Facilities Services etc.

Report Summary

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.

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