

# SUPPLY SIDE

OUTSOURCED SERVICE  
MARKET NEWS

In recent years the FM Business Confidence Monitor (BCM) has revealed a sense of cautious optimism within the facilities services sector. The message emanating from this year's BCM retains that sense of overall optimism but shows underlying indicators of a slowdown in confidence caused by a sense of political, social and economic uncertainty.

While survey respondents have been generally positive about the business environment and the potential for growth, a range of external factors have tempered expectations.

The survey says "anomalous events risk sending the UK and Europe down a new path and industry – which relies upon consistency – is unclear about where this will lead".

Some 469 people completed the online survey between 14 December 2016 and 16 January 2017.

A breakdown of the data reveals that 52 per cent of these respondents work for service providers (up 4 per cent from 2016 survey), while 29 per cent belong to client

organisations in the private sector, and the remaining 19 per cent belong to client organisations in the public sector.

The survey concludes that while confidence in the UK FM sector has remained positive, there are considerable indicators of lowered expectations during the current uncertainties. Brexit was seen by 52 per cent as likely to have a negative or very negative impact, while 27 per cent felt it would have a positive or very positive impact. The outlook remains optimistic.

Phil Russell, sales and marketing director at Vinci Facilities, told *FM World*: "The market for FM in volume terms is probably at its highest level due largely to public sector procurement decisions driving increased levels of outsourcing. I don't see this reducing in the future. The FM market in terms of profitability will, however, remain challenging as more and more procurement deals are biased towards price and not value."

The FM Business Confidence Monitor is carried out by BIFM with i-FM and Barclays.

## SECTOR SURVEY

# 'CAUTIOUS OPTIMISM', TEMPERED BY LOWER EXPECTATIONS FOR 2017, SAYS BCM

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## FM BUSINESS CONFIDENCE MONITOR — KEY STATISTICS

Overall, **62%** of survey respondents rate the present FM business environment as positive or very positive, **30%** describe it as satisfactory, and only **7%** say it is poor. These broadly positive figures resemble the 2016 results.

Regarding expectations for the FM business environment over the next 12 months, however, there has been a notable dip in confidence. Only **40%** of respondents expect it to improve (down **9%** from last year) and **51%** believe things

will remain the same. The other **8%** expect the environment to deteriorate.

More than half of respondents (**55%**) expect their turnover to increase (down **4%** from last year) and **35%** expect it to remain the same.

Only **10%** expect turnover to actually decrease.

When looking at service providers alone, the 2017 BCM indicates a marked fall in confidence concerning overall performance over the next 12 months. Confidence has

dropped **39** percentage points since 2015, while over the same period there has been a near fivefold increase in the number of providers expressing slightly / much less confidence (**33%** compared to **7%** in 2015).