Facilities Management: Inc Impact of COVID-19 - UK - November 2020

Report Price: £1495 | $1995 | €1800

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This report looks at the following areas:

- **The major diversity of the COVID-19 impact, with significant variation between services offered, end-use markets and the size of the facilities management operator**
- **The considerable potential for the further conversion of services currently conducted in-house**
- **Structural changes in the industry, with the significant acquisition of the facilities management activities of Interserve by Mitie**
- **The continued pressure on margins, with above-average labour cost increases in a labour-intensive sector**
- **The continued trend towards technology to differentiate the facilities management offer**

Facilities management (FM) covers a vast array of services, each of which have been impacted by COVID-19 to very different levels. Variations are also evident in end-use markets and have resulted in very different impacts for individual FM providers. Some sectors, notably catering, have been badly affected during 2020 by school closures, the banning of spectators at sporting events, the temporary closures of businesses and the encouragement of remote working. Even in this sector, some markets have held up well, with healthcare a particular example.

The public sector including healthcare has proved a buoyant market for facilities management in general during 2020, with Nightingale hospitals and activities such as track-and-trace offering opportunities for the largest operators. While COVID-19 will be treated as an exceptional item in government borrowing, the prospect of a relaxation in public spending restrictions has declined, and those cost pressures will afford further opportunities for the FM sector.

Structural changes in the industry have been evident over a number of years, with the collapse of Carillion a major example. Interserve also went into

"The overall impact of COVID-19 has been significant on the facilities management sector, though the wide range of services offered and the varied client base have resulted in different sectors being impacted at very different levels."
– Terry Leggett, Senior Analyst

administration, though its facilities management arm was subject to a takeover by Mitie in 2020, which will create the largest FM company in the UK. G4S, meanwhile, is facing two hostile bids.

Despite this seeming growth in industry concentration, the sector is characterised by a confined number of very large operators gaining national and international contracts, though their market share remains modest in terms of the total outsourcing market (but much stronger for public sector services).

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