



RESEARCH INSIGHTS

in Recruitment:
Facility Management Sector



RESEARCH INSIGHTS IN RECRUITMENT: FACILITY MANAGEMENT SECTOR

- 1 Industry Overview
- 2 Recruitment
- 3 Salaries
- 4 Industry Challenges
- 5 Sources





INDUSTRY OVERVIEW

The UK Facilities Management Market is expected to grow at a CAGR of 2.88% during 2019-2025. According to the British Institute of Facilities Management, the industry is responsible for more than 8% of GDP, while it employs more than 10% of the workforce at present in the country.

- The United Kingdom remains the largest outsourced market in both FM and IFM. Due to the maturity of the market, revenue growth is slower, with limited new opportunities being generated
- Facility Management in the United Kingdom is becoming increasingly focused on the delivery of specialised services in this market. These include energy, IT and Environmental Management, and other opportunities traditionally not covered by FM providers
- Escalating employment costs, the unstable geopolitical situation due to Brexit, increased regulatory scrutiny over flexible labour models, and ever-more rigorous workplace health and safety regimes are expected to constrain the growth of the market
- The already high IFM penetration, in addition to the even higher FM outsourcing, is creating limited opportunities for the existing players. This is expected to facilitate the growth of innovations to develop new areas of business

Customers

1. Commercial Buildings
2. Retail
3. Government & Public Entities
4. Manufacturing & Industrial
5. Vertical Markets (a vertical market is a market in which vendors offer goods and services specific to an industry)

Key Facts & Stats

1. UK FM with 85B GBP is the most matured market
2. Private sector share of the UK outsourced FM Market is 55%
3. Local Government, Housing and Central Government are the popular Public Sector markets which include 50% of the outsourced market
4. Both growth and margins will continue to be under pressure from commoditisation and buyers robust contract models
5. Buyers will be expecting service providers to demonstrate resilience and investors will expect service providers to break away from the pack

Key Market Trends

Steady Rise in Demand from the Public Sector will Drive the Market

The public sector contribution to the FM market in the United Kingdom is higher compared to any other part of Europe. This is primarily driven by the constrained budgets of the government that lead to the continuous outsourcing of essential facility management services. Furthermore, bundled services contracts are expected to benefit from the public spending cuts, as public sector clients look to reduce the number of suppliers and cut costs.

This is also driven by the fact that public sector bodies are continually striving to simplify operations. As the trend for Total Facilities Management (TFM) continues to grow, public sector organisations increasingly outsourcing all 'non-core' business activities to one service provider, enabling greater focus on core business.

However, the public sector has started demanding longer-term contracts from FM suppliers, but lack of certainty over future labour costs and materials is making them appear riskier to clients. This could restrain bidding valuations for long term contracts.

Public Sector Expenditure on Housing and Community Amenities in the United Kingdom, in GBP billion, 2012/13 to 2018/19*

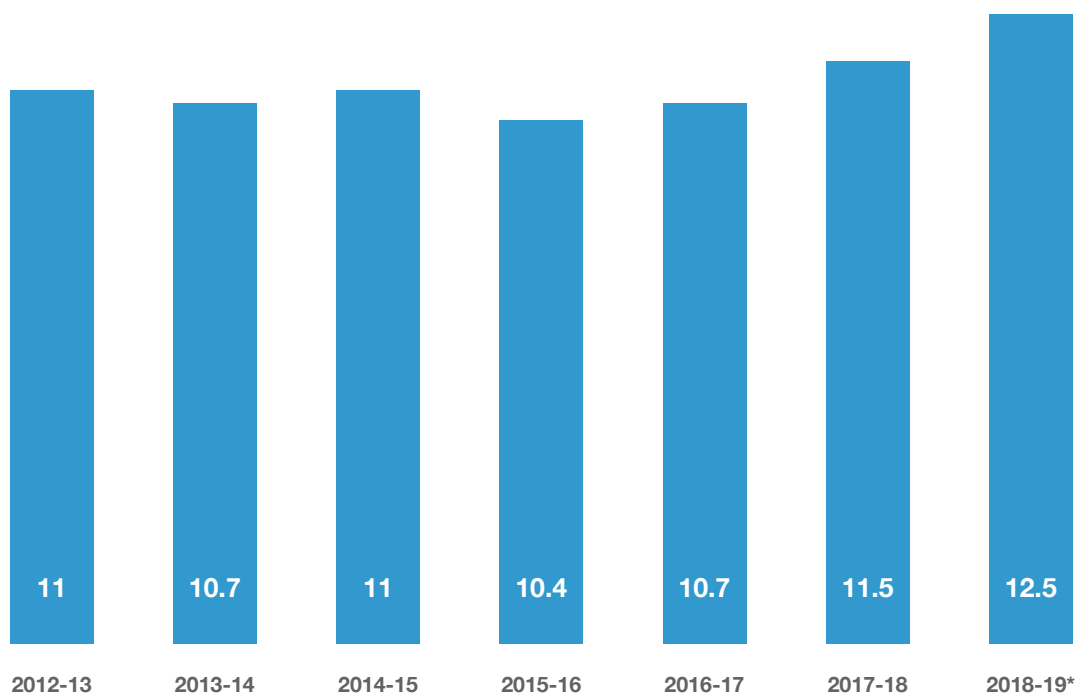


Image source: Mordor Intelligence / UK Facility Management Market report
<https://www.mordorintelligence.com/industry-reports/uk-facility-management-market>

Diminishing Profit Margins and Ongoing Uncertainty with Brexit will Restrain the Growth of FM

The FM industry is heavily reliant on workers from the EU. The soft sector is primarily dependent on this source of labour, and restricted access post-Brexit can have significant implications. FM businesses, particularly those holding EU contracts, are expected to be affected by potential changes to migrant labour, the supply chain, and other regulations.

More than 60,000 EU nationals work in the English NHS and about 90,000 in adult social care. This led to the Commons Select Committee for Health to stress the importance of a pragmatic approach to recognising the professional qualifications of skilled migrant workers and keeping channels for EU staff open.

This scenario, coupled with diminishing margins, is expected to lead to a number of trends in the UK Facility Management Sector. More FM firms will likely move towards being Diversified Total Facilities Management providers. DTFM providers can combine multiple single service streams across both hard and soft services to operate them together in order to minimise management duplication and streamline interoperability of facility services. Innovative DTFM companies also provide the opportunity to incorporate energy solutions to drive cost savings, achieve environmental compliance and derive operational efficiencies from their properties. This allows firms to build scale through diversification and mitigate risk from overexposure to a specific sector or line of service. As a DTFM provider, firms will be equipped to offer managed services and outcome-based contracts, enabling them to move higher up on their clients' overall strategic agenda.

A lot of Mergers & Acquisitions transactions are expected to happen to build bundled capabilities. The companies are expected to extend their capabilities into complementary businesses. For instance, we are expected to observe construction companies foraying into building management services, extending their capabilities apart from the existing services they already offer.

Forecasted Short-Term Effects of Brexit on Real GDP in the United Kingdom (UK), 2018-2023

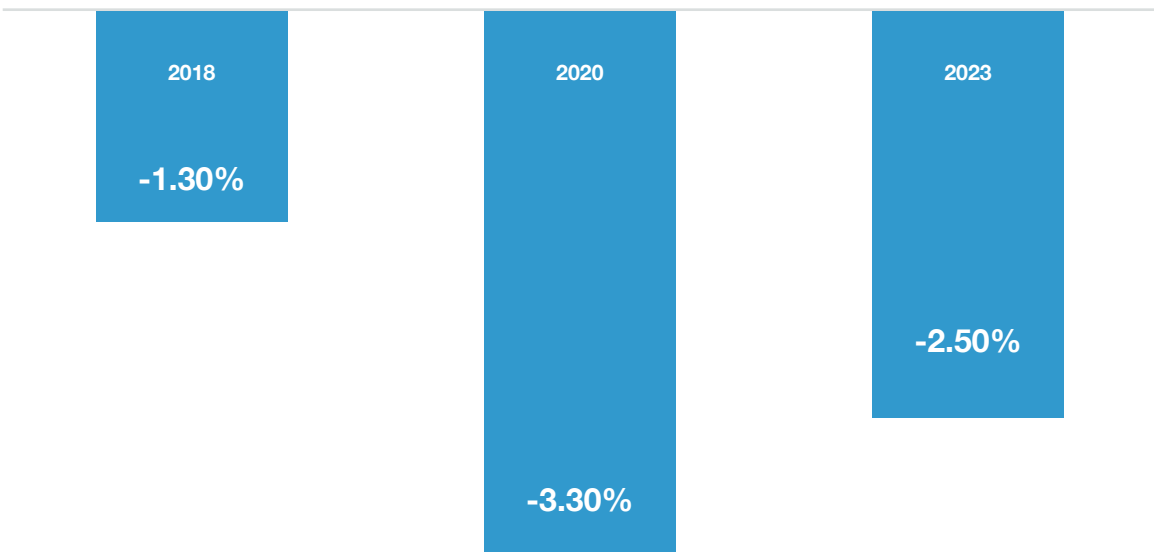


Image source: Mordor Intelligence / UK Facility Management Market report
<https://www.mordorintelligence.com/industry-reports/uk-facility-management-market>

Competitive Landscape

The UK Facility Management sector is a highly competitive market with the presence of several players of different sizes. This market is expected to experience a number of mergers, acquisitions, and partnerships as companies continue to invest to strategically in offsetting the present slowdowns that they are experiencing.

During July 2019, Incentive Facilities Management expanded its retail portfolio by securing a three-year contract with property development company British Land to provide services at three shopping parks. According to the agreement, Incentive FM will deliver a range of solutions at Broughton Shopping Park near Chester (cleaning and security), Mostyn Champneys in Llandudno (cleaning), and Queens Shopping Park in Stafford (cleaning).

In January 2019, outsourced contracting and facility services provider B38 Group announced the acquisition of Leeds based Woods Building Maintenance Limited. It is expected to strengthen the company's foothold in the Yorkshire region further and gives the company the ability to offer clients a higher degree of self-delivery and a higher level of service.

Market Drivers

Based on the ISS "2020 Vision" report:

Competition

- Local companies will have an advantage over global corporations
- Customers look for efficiencies and financial certainty when choosing a provider
- Price competition will be severe, owing to fragmentation
- There will be pressure for national and local governments to give their outsourcing contracts to local vendors
- Local vendors will organise themselves in networks where they can develop the right FM package for the client

Workforce

- Due to high unemployment, it will be easier to find new employees
- Today's workforce is seeking secure employment and a steady wage
- Social networks, leisure, and work experience motivate the workforce

Suppliers

- Low prices will be a key driver for suppliers

Investors

- CSR is not a consideration for investors
- Local investment will be important

Regulators

- Protectionist environments will give companies an advantage
- Local providers will get benefits and subsidies to preserve jobs

NGOs

- NGOs will find it hard to catch public awareness

Clients

- There will be less interaction with the customer

Major Players



CBRE Group, Inc.

Mitie Group PLC

EMCOR Facilities
Services WLL

Interserve Limited

G4S Facilities
Management UK
Limited

Image source: Mordor Intelligence / UK Facility Management Market report
<https://www.mordorintelligence.com/industry-reports/uk-facility-management-market>

(Infraspeak, "Facility Management Challenges 2020")
(Mordor Intelligence, "UK Facility Management market report")
(Baachurain, "UK FM Market Sizing and Insights")
(FM House, "ISS 2020 Vision")



2

RECRUITMENT

In 2020, the expectation for FM is to manage costs without compromising the workers' experience, in other words, responding to companies more efficiently, both financially and in regards to energy, while satisfying increasingly multicultural and intergenerational teams.

Since outsourcing of facilities management continues to increase in popularity, the cost of employing in-house FM teams is increasing, alongside the complex task of managing a large suite of services.

The rapid evolvement of the facilities management sector, along with the changing career motivators from the next generation of talent, has resulted in the requirement of a new skill set and a new approach to recruitment.

- The increased importance of customer service has meant facilities managers not only need to be experts in how a building is run and managed but also knowledgeable about the tenant's industries and favoured ways of working
- Confidence using technology is essential. With the growing number of automated systems and new technologies coming to market, facilities managers need to be knowledgeable about products available and confident about installing and implementing them
- Facilities managers need to be flexible and able to react to situations quickly and effectively
- Analytical skills are key, being able to use the new data available to adapt and improve strategies accordingly

Most Common Health Benefits in the Sector

By Payscale



35%
Medical



10%
Dental



16%
Vision



60%
None

Facilities & Employment Law, 2019-2020 Legislation Update

ICO's data protection guidance for small and medium-sized organisations

The guidance provides the same advice previously published on how to maintain data flows but has been produced to be more relevant and accessible to smaller organisations. Under Brexit, the EU requires additional measures to be put in place when personal data is transferred from the European Economic Area (EEA) to the UK, in order to make them lawful.

The ICO guidance sets out steps to take to keep the information flowing, such as using pre-approved contract terms, which are currently used to transfer personal information worldwide.

Proposals to reduce ill health-related job loss

A consultation was launched seeking views on different ways in which the government and employers could take action to reduce ill health-related job loss.

The proposals included giving employees with health conditions the right to request workplace adjustments on health grounds, entitling employees returning from a period of sickness absence to a flexible, phased return to work, funded partly through their statutory sick pay (SSP) entitlement and partly through their usual wages, and fining organisations that do not pay staff the SSP they are entitled to.

Improving the Apprenticeship Levy

The confederation of British Industry (CBI) has called for the government to take urgent steps to reform the apprenticeship levy in England. Recommendations for reform in the report include increasing transparency around levy receipts and expenditure, making the levy system more user-friendly with practical, online support and locally-led 'matching services' which allow large firms to pass on unused funds, creating a sustainable financial plan for the levy budget and opening conversations about the future of the levy. This would include broadening the apprenticeship levy into a 'flexible skills levy' covering a wider range of training.

The CBI report link:
<https://tinyurl.com/ye849c33>

(Infraspeak, "Facility Management Challenges 2020")
(ISS – Service Futures, "3 Major Facility Management Outsourcing Trends for 2020")
(Foundation Recruitment, "A diverse workforce with widely varied skills and perspectives")
(Payscale, "Average Facilities Manager salary in the United Kingdom")
(FMJ, "Facilities and Employment Law, Legislation Update 2019-2020")



3

SALARIES

Average Facilities Manager Salary in the United Kingdom: £32,191



Hourly rate:
£14.08



Bonus:
£2,009



Profit-sharing:
£900

10%
£24k

MEDIAN
£32k

90%
£45k

London area: The average salary for a Facilities Manager is £40,674 in London, UK (based on 117 salaries submitted anonymously to Glassdoor by Facilities Manager employees in London).

Pay by Experience Level for Facilities Managers

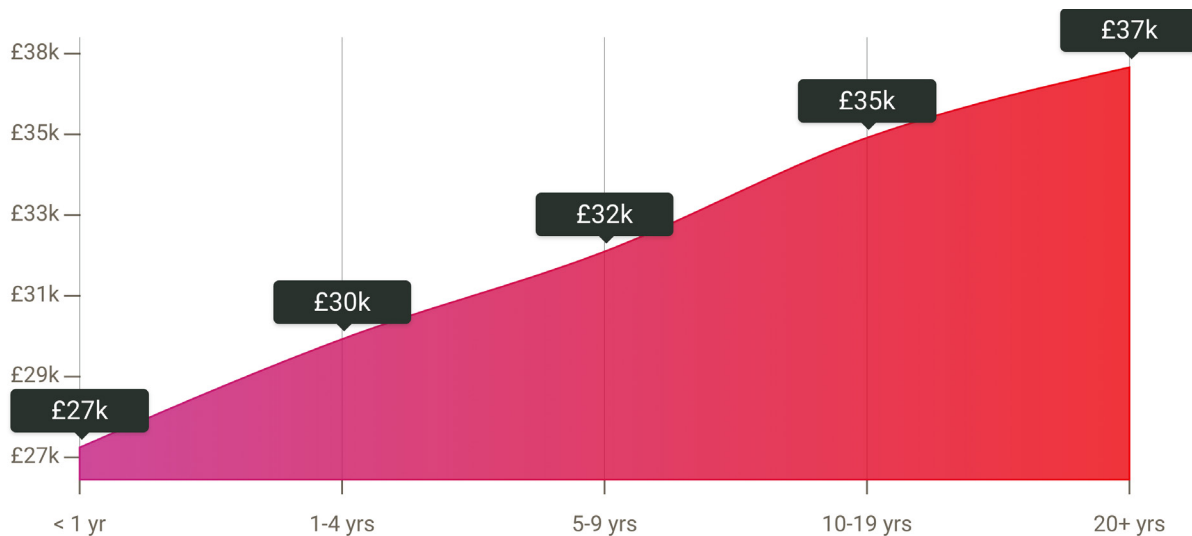


Table source:
https://www.payscale.com/research/UK/Job=Facilities_Manager/Salary

An entry-level Facilities Manager with less than 1 year of experience can expect to earn an average total compensation (includes tips, bonus, and overtime pay) of £26,551 based on 13 salaries. An early career Facilities Manager with 1-4 years of experience earns an average total compensation of £29,830 based on 233 salaries. A mid-career Facilities Manager with 5-9 years of experience earns an average total compensation of £32,178 based on 214 salaries. An experienced Facilities Manager with 10-19 years of experience earns an average total compensation of £35,340 based on 200 salaries. In their late-career (20 years and higher), employees earn an average total compensation of £37,391.

Pay Difference by Location

London, England:	▲	23%
London, England:	▲	13%
Cambridge, England:	▼	1%
Edinburgh, Scotland:	▼	1%
Manchester, England:	▼	2%
Bristol, England:	▼	5%
Birmingham, England:	▼	8%

Employees with Facilities Manager in their job title in London, England, earn an average of 22.6% more than the national average. The lowest salaries can be found in Birmingham (8.0% less), Bristol (5.1% less) and Manchester (1.6% less).

Pay by Years of Experience

This data is based on 770 survey responses by Payscale:

Entry Level:	1.7%
Early Career:	30.3%
Mid-Career:	27.8%
Experienced:	26.0%
Late Career:	14.3%

Related Job Salaries

Operations Manager	£24k - £55k
Office Manager	£19k - £35k
Project Manager, (Unspecified Type / General)	£26k - £61k
Operations Director	£36k - £96k
Retail Store Manager	£18k - £35k
Contracts Manager	£28k - £59k
Quantity Surveyor	£22k - £50k
Head Chef	£20k - £38k
Project Manager, Construction	£28k - £69k
Practice Manager	£21k - £44k

Skills That Affect Facilities Manager Salaries

Different skills can affect your salary. Below are the most popular skills and their effect on salary in the sector.

Budget Management	▲	3%
Facilities Management	▲	3%
Operations Management	▲	3%
Project Management	▲	2%
Safety Compliance	▲	1%
People Management	▲	1%
Facility Maintenance & Coordination	▼	3%
Office Management	▼	5%
Contract Management	▼	6%
Equipment Maintenance	▼	12%

Gender Breakdown

This data is based on 321 survey responses by Payscale:

Male:	63.6%
Female:	36.4%

(Payscale, Average Facilities Manager salary in the United Kingdom")
(Glassdoor, "Salaries / London Facilities Manager salary")



4

INDUSTRY CHALLENGES

Big Data

The collection of data brings the challenge of having to filter, process and analyse the information. The second challenge of dealing with a large amount of data is to store all the data securely to ensure customer privacy and comply with all data protection laws.

Industry's "payment culture"

Late payment problems continue to undermine both the FM & Construction industry.

CAFM (Computer Aided Facilities Management)

Software, sensors and the Internet of Things reduces the need for resources by enabling the automation of facilities management controls, such as temperatures at which heating is switched on and off, the control of rooms that are not being used, the decreasing of lighting costs and even defining the frequency indicated for maintenance and cleaning actions, according to the usual use of each asset.

Post-Brexit Bureaucracy

The loss of access to the EEA labour market threatens the global leader position the FM sector has worked hard for and would widen even further the skills gap, the sector already has to manage. Without up to 34% of its workforce and access to a flexible future labour market, the facilities management (FM) sector, which accounts for more than 8% of GDP, would not be as productive.

(FMJ, "Facilities and Employment Law, Legislation Update 2019-2020")

(Infraspeak, "Facility Management Challenges 2020")

(British Institute of Facilities Management, "Migration policy for the FM sector Post-Brexit")

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