

Published in FMJ 2010 by MPP <http://www.mpp.co.uk/>

FM After the Election

Now that the excitement of televised debates, Cleggmania and the votes themselves are behind us, what does the future hold for facilities management? Will the promises made in party manifestos and on the doorstep during the campaign drift into the recesses of memory as newly elected MPs and a host of familiar faces return to Westminster? Can FM achieve its long awaited destiny and achieve a position at the heart of the recovery or will a new wave of cost cutting reinforce facilities position at the bottom of the outsourcing ladder.

A New Parliament

When the new Parliament is summoned, the biggest postwar influx of new MPs will arrive to be sworn in before the State Opening of Parliament. Sadly the “wash-up” period before Parliament was dissolved has left plenty of old problems, unresolved issues and incomplete agendas to be considered before any real change can be addressed. Even the most radical of reforming governments will be unable to make any real headway in their first parliamentary session.

This has been a campaign where the need for change was on every candidates agenda. Following the most severe economic crisis for 60 years, the only real difference of economic opinion between the parties was about the level and timing of cuts in public spending. With the economy still fragile and public finances in a dire state, the overwhelming concern now is how a new Parliament will provide decisive action around the UK's unsustainable deficit.

Businesses will be looking for a swift move to promote a credible plan to reduce the deficit and to restore market confidence. Concern over the planned rise in National Insurance and expectations of a VAT increase to support the national debt will continue until a clear routemap is established. The present position of uncertainty will need to be addressed as soon as possible.

The Scale of FM

The Facilities Management market is as anxious about this as any other and with good reason. FM clients are likely to defer decision making until greater clarity is achieved and service providers will continue to anxiously monitor their cash flow and to plan for Septembers NI increase. The size of the FM market and the number of people employed only serves to emphasise the impact that such economic measures can cause.

Many different authorities have given diverse estimates of the size of the British FM market due to a continued inability to properly define it. Market researchers MBD publish a quarterly report which is frequently cited. Their latest estimate is that the total UK spend on facilities is now £116.8bn. That is a significant proportion of Gross Domestic Product and yet successive governments have steadfastly ignored the existence of the FM sector and the contribution that it makes to UK plc.

The latest report from industry analysts Plimsoll names 398 companies that meet their definition of an FM business. However, analysis of National Statistics by Asset Skills identifies some 13,000 organisations in the FM sector without including the host of single service specialist businesses and product suppliers that fall within MBDs' broader FM footprint. Even taking into account the reducing margins of recent years an industry this size makes a considerable annual contribution to the treasury coffers in VAT and Corporation Tax.

The size of the workforce must also be taken into account. Asset Skills' 398 FM businesses employ some 137,000 people but that does not include many tens of thousands of cleaners, receptionists, caterers, engineers, security guards, telephonists, mail room staff and porters, archivists and landscaping people. The wider definition of the FM footprint adopted by MBD incorporates the entire supply chain involved in the operation of support services and the built environment. With an estimated 3.5 million jobs involved, the National Insurance and Income tax contribution made by facilities management is of vital importance to the UK economy.

Meanwhile, Government policy in recent years on immigration and the use of migrant workers has had a big effect on such a large employment sector. The use of foreign workers in the Facilities industry has grown rapidly since the 1990s with some parts of the sector employing as many as 50% non-indigenous workers. The tightening of immigration controls and checks has increased the bureaucratic and financial burden on FM employers.

The FM Battleground

Given that the economy was supposed to be the primary battleground for Election 2010 it is sad that the discussions revolved so fiercely around where and when to make cuts in public spending rather than exploring how to increase the nations productivity through better management of work and the workplace.

Millions of working days are lost each year through workplace health and safety issues at an enormous cost both to business and the government. Facilities Managers are the nations' most important weapon in the war against this massive waste of resources but rather than supporting their efforts the only reference made during the election campaign to Health and Safety were fairly derogatory remarks about the need to cut back on regulation and control. Such comments are, of course, merely designed to appeal to the populist view that anyone promoting the cause of health and safety in the workplace is a meddling bureaucrat.

Climate Change is the single most important issue facing mankind and Facilities Managers are directly responsible for the vast majority of the carbon, sustainability and environment agenda. The war on wasted materials, energy, packaging and landfill needs strong backing by a new government committed to making a real difference. Regulation so far has proved more of a hindrance than an

enabler for many committed green facilities people with scarce resources being diverted towards regulation compliance that could have been invested in effecting positive change.

The new governments' plans for increased privatisation and massive cuts in public spending will have an enormous and mostly negative impact on the FM sector. Whenever outsourcing initiatives have been driven by the sole aim of cost reduction it has always led to drastic reductions in service levels. With public spending on hold, investment in the workplace is liable to be postponed or cancelled. Training budgets will disappear as investment in the future competency of the FM sector is delayed. Industrial relations disputes will increase as trade unions start to reassert their power in a manner unseen over the last 15 years.

The reputation of facilities managers and margins for FM service providers are very likely to suffer if this is the immediate future. However, the UK needs a realistic plan for recovery based around the elimination of genuine waste and proactive investment in jobs and productivity. The FM sector should be at the heart of that renewal process but few people seem to recognise the importance of the facilities management paradigm.

A War on Waste

If facilities management is to lead the war on waste and to lend its considerable weight behind the recovery agenda, collaboration must be a vital element of the FM manifesto. The industry and the profession that it supports must unite behind the common purpose and articulate the message of service integration and workplace efficiency in a more cohesive and compelling manner.

In 1994 the Latham report acted as an emergency siren for the construction industry triggering a wave of change in a sector that had been dominated by inefficiencies, adversarial contracting and a disjointed supply chain. Commissioned to examine this by both government and industry, Sir Michael Latham identified the potential for up to 30% savings in the total cost of construction projects through greater collaboration, smarter procurement and the elimination of waste.

The report led to the establishment of the Construction Industry Board to oversee reform and subsequent initiatives were Egan's 'Re-thinking construction', the Construction Best Practice Programme', 'The Movement for Innovation' and 'Constructing Excellence'. All designed to drive the industry forward. In his 1998 report Sir John Egan revised the potential benefits estimating that a more collaborative construction sector could reduce costs by up to 50%.

If the FM sector were to unite behind a similar agenda with the support of the new government in a committed campaign against inefficiency, over manning and double handling, perhaps the road to economic recovery could also be an opportunity for facilities management. A fresh approach to partnering and collaboration in pursuit of efficiency and innovation could be the trigger for real change and for the advance of FM in the hierarchy of UK plc.