



### **Market Insight Summary Document**

This document is intended to provide a high-level view of the key issues affecting each category. It may be read, and shared internally, alone or in conjunction with the full detailed market insight document.

## ICT

*Includes: AV, Computing, Telecoms, Library Systems*

**AV:**

- Product availability issues seemed to have been resolved. No shortages are reported and distributors are reducing the amount of stock. Lead times have vastly improved, but pricing remains a challenge.
- Work continues towards a National Framework award for AV equipment and services, supplier engagement, bidding and tender evaluation have all made good progress with a high level of interest from the market. By the end of year, the HE sector will have 2 agreements in place for this key area of equipment/service
- There is no major new technology but manufacturers are moving into the area of production of large screens and camera bars. This may reflect the hybrid working demands of AV equipment.
- Suppliers are reporting that costs remain “stubbornly high” with little sign of deflation in the market. In addition, there are some cases where short notice increases are being imposed in the market.

**Computing:**

- Lead times are lower than at any point over the last few years - Notebooks: 2-3 weeks, Desktops: 2-3 weeks, Monitors: 2-4 weeks Z-series: Dependent upon configuration.
- Review meetings held with PC device OEMs in April and May 2024 indicate no underlying delays or issues to report and this has remained the case for the last few quarters.
- HP Sustainability Summit coordinated with NDNA and held 15 May 2024 captured the direction of travel for most OEMs in this area. This includes 100% renewable energy within the business by 2025 and making the entire supply chain net zero for carbon emissions by 2040 for example. A revised, Category Manager-led Electronics Watch Factory Disclosure Process has been included in the latest revision of the NDNA Buyers Guide.
- Component pricing is generally stable.
- In the last 6 weeks the Cabinet Office (CO) has been ramping up the pace at which they have been working with the eSender community. A further number of transparency notices have been made available by the CO being tested and worked upon by the eSenders (providers of procurement and tendering software that publish Public Sector procurement notices on platforms such as FTS and TED), to ensure the configuration of the suite of notes align with their existing system architecture.
- A substantial change element that is benefitting from this recent acceleration is the Central Digital Platform (CDP). In August, some suppliers have been starting to receive further technical details of the API integration (Application Programming Interface) tools that will connect the CO's CDP to each providers' systems.

**Software:**

- Suppliers are becoming protective of their own terms and conditions and engaging less with public sector boilerplate terms.
- Artificial intelligence (AI) has become more prominent in software solutions. For example, CHAT GPT is being used by students/researcher, chatbots and helpdesks etc to provide product support.

- Anti-plagiarism software now includes an AI detection feature, which has been delayed by many institutions while they investigate accuracy, data processing involved and assessment techniques and policies within the institutions.
- There is evidence that new SaaS models, including all implementation, development, hosting and support costs are being introduced in the tender process. Some suppliers are also proposing consumption-based software models, which will have seasonal peaks and troughs in budgets aligned to peak usage periods.
- Microsoft have announced that it will split Teams and Office globally.
- Pricing pressures are becoming evident in the software market, with many suppliers requesting increases related to inflation. Aggressive pricing strategies are being pursued by many software companies, such as UNIT4, Tribal, Oracle around Java licensing and SAP on Qualtrics.
- Ongoing collaboration between SUPC, JISC, UCISA, and CCS regarding negotiating with Broadcom for a public sector deal. Many members facing significant pricing and support issues despite protestations from Broadcom that costs for many of our members have reduced and there are no service implications.
- Open source software is gaining market share within the UK Library Management System marketplace. e.g. Folio and Koha. For Institutions taking on the license fee full savings of the open source model there are wider commercial considerations to be taken into account.

#### **Data Centre:**

- Some materials shortages continue. Supplier views from data centre Supplier reviews are that there are equipment challenges including the requirement for 24-hour valid only quote on Electrical cable, delays with obtaining cooling product up-to 24 weeks, but Suppliers are shopping around for stock and buyers understand the current climate.
- According to Build In Digital, Data Centre construction Supply Constraints could affect the growth of AI, which relies heavily on high powered computing.  
Source: <https://buildindigital.com/data-centre-supply-chain-constraints-could-cripple-ai-growth/>.
- Data centre construction is a long process, and with current supply chain uncertainties may only worsen. Developers may claim one year to 18 months for construction, these estimates often do not consider preliminary work such as assessment, planning, site selection and design. Supply chain disruptions are also affecting cost and timelines.

#### **Networking:**

- The Supply Chain issues seen over the last few years has to some extent now dwindled, the current issue according to Cisco is a backlog of purchased equipment now waiting to be installed.
- According to the CISCO 2024 State of industrial Networking report, the top 10 Industry barriers to growth (in order) are shortage of skilled workers, Inflation, Cybersecurity risks, Supply Chain disruption, the rise of AI, competitors technology adaption, material shortages, macro-economic climate & climate change.

#### **Printers & MFDs:**

- The challenge on printers and MFDs is similar to the impact in other areas of IT, and other sectors where IT related components are embedded within the products i.e. motor vehicles.
- There still may be some shortages of Printer Ink, Toner supply (largely due to transit issues with stock not being shipped) and some Printers being out of stock.

- In terms of pricing, raw material /component prices have increased so although the manufacturers have tried to absorb these increases and also the increased cost of freight from Asia, prices are now being put up by vendors.

#### **Office Supplies - Paper:**

- Stockists and distributors have advised that there is some uncertainty within the market place owing to a continued reduction in demand, yet stock is available as paper is in oversupply. Lead-times have been impacted by recent shipping freight issues.
- Pricing is expected to see some increases for the next six months or so as the cost of mill production and freight distribution continues to rise.

#### **Library**

- Although Covid and recent supply chain issues around paper accelerated a switch from print to digital, there is still a strong demand for print due to accessibility (digital doesn't work for some), cost of digital, and also suitability of digital for subject matter (digital is particularly poor for Art).
- Some more economically sustainable e-textbook models have begun to develop and anecdotally members seem to be achieving better value. It is too early for data to be available, though. Members are looking towards Open Access alternatives to e-textbooks. OA is still in an early developmental phase and there are challenges to success but budget cuts may well seed progress. Some members who have been spending significant sums on e-textbooks in recent years are planning to pivot towards OA in the next 2-3 years and some framework suppliers have started to offer hosting services for OA resources, which allows members to pay a platform fee to make OA content available with better and more consistent student experience.
- Subscriptions agents are caught in a squeeze between publishers (making commercial terms for agents less favourable), member budgets (which are generally steady or declining) and a requirement for Open Access publishing (which reduces the size of the commercial market).
- AI: publishers are looking closely at how end users may be using licensed content with AI, which is prohibited. Some publishers have simply reminded/clarified that this is not allowed but others have sought to amend contracts with clauses that are vague and expect the institution to accept liability. Pushback is happening and the international community is looking to agree wording for a suggested clause that everyone can use to push back.
- There is some discussion beginning about the inclusion of AI within library resource platforms and whether institutions want varying AI solutions across their third party platforms or a single solution that can overlay their digital presence.
- There is increasing interest in cyber security following a cyber attack on the British Library, which in turn provides services to most member libraries. The new Books/e-books framework will take a specific look at this.
- Import of hard copy materials from Europe is still tricky following Brexit, with increased costs and inconsistency at UK customs (eg. packages treated correctly and identically but some being rejected anyway).

### Estates, Facilities and Building

**Includes:** Catering, Cleaning, Security, Furniture, Janitorial, Workshop, H&S, Vehicles, Office Supplies (Stationery, facilities operations, water coolers etc), Utilities, Energy

#### General Logistics/Hauliers:

- On going uncertainty in geo-political tensions and outages through maintenance have caused both electricity and gas markets to rise from February 2024 onwards. These have recovered slightly since the August peak. Prices are still well below where they were 12 months ago.
- The Bank of England's interest rate has reduced to 5%. There is a degree of expectation this may be reduce further by the end of the year.
- Twelve-month CPI inflation sat at 2.2% in July 2024, up slightly on the previous month. Requested price increases continue to be offset with price reductions for other items where movement in market pricing allows or dictates.
- The UK government's Border Target Operating Model, which governs the importing of goods to the UK including from the EU is now approaching its third phase. The next phase of the model will be introduced at the end of October 2024 – This will include safety and security declarations for EU imports will come into force.

#### Waste:

- The SEPA legislation that came into effect in 2019 regarding Waste Upholstered Domestic Seating (WUDS) and POPs (Persistent Organic Pollutants) was updated in February 2024, the updated legislation sets out how waste materials considered to contain POPs must be handled. In most cases the waste must be destroyed by incineration, this has caused a demand issue within the UK which has in turn saw price increases for waste disposal. The legislation will continue to be developed over time and it is expected that more waste items may be classed as containing POPs in the future with construction waste currently under review.
- Fuel prices continue to fluctuate. Recycling and waste businesses have faced higher costs with the increased rate of inflation. The most recent figures from 1<sup>st</sup> August 2024 have shown a decrease in pricing, with Unleaded Petrol now at 143.42 and Diesel at 149.10.
- The Scottish Government has amended their target for Net Zero from 2030 to 2045, they are proposing to invest in better infrastructure to handle waste and recycling however it remains to be seen how they will back this up in practice and if they will commit to any increased funding from the £70 million originally set out.
- The introduction of the [Deposit Return Scheme](#) has now been postponed until at least October 2027. If and when this scheme is implemented, it will affect the volumes and quality of plastic and can recycles within institution's waste streams and the frequency of collections and potential rebates should be considered prior to that point.
- Wales: The Welsh Government has introduced a new recycling law which applies to all workplaces in Wales. The new law came into effect on 6 April 2024.
- UK Landfill taxes increased by £1.60 per tonne from April 2024.
- As the industry is heavily reliant on vehicle fuels, fuel costs have an impact on expenses linked to waste collection, transportation and processing. Diesel and petrol prices have fluctuated over the past years.
- In April 2024, the Department of environment, food, and rural affairs (Defra) published its first policy statement on the UK's deposit return scheme (DRS), delaying the scheme until October 2027. The timeline for the implementation is split into 3 phases:
  - Phase 1: Regulation and deposit management organisation (DMO) appointment (by Spring 2025): Regulations in place in all administrations, and DMO(s) appointed. During this phase, regulations will be finalised across all administrations, and DMOs will be appointed. Tasks in this phase include securing funding, appointing leadership teams, procuring essential resources and designing operational frameworks.

- Phase 2: DMO Set-up (Spring 2025 to Spring 2026): This period allows for the establishment of DMO(s) capable of effectively managing the DRS on behalf of industry. Activities will range from infrastructure development to digital and IT setup, and retailer and producer engagement.
- Phase 3: Rollout (Spring 2026 to Autumn 2027): The final phase focuses on operational readiness, including the establishment of national collection infrastructure, retailer preparations for return point installations and consumer engagement campaigns. By October 2027, the DRS will be fully operational across the UK. The policy paper can be found [here](#).

#### Catering:

- Hospitality and leisure businesses across the UK are being urged to reconsider traditional CV based hiring practices to help ease the staffing crisis that has been impacting the sector since the Covid-19 pandemic. This approach to recruitment may find its way into catering supplier and other hospitality commodities in the public sector.
- Food inflation increased marginally in July 2024, going to 1.4% - up 0.1% from June 2024.
- Despite the marginal rise in the overall rate, some food sub-groups continue to have negative inflation rates indicating lower prices compared to 12 months previously, including Fish (-4.2%).
- Some reports suggesting that there could be delays at borders when the EU implement their Entry/Exit System.
- While disruption in the Red Sea continues to divert shipping routes, the overall impact on international grain prices remains limited. The issues with the Red Sea have not seen as much disruption as first envisaged, however, costs for importers are higher.
- Freight rates have spiked again for frozen fish lines with suppliers currently paying more to import their fresh and frozen lines.
- The bad weather throughout the UK in recent months has seen a reduction of crop production of potatoes, carrots, broccoli, and cabbage. These issues are forcing increased pricing.
- The rain has also negatively impacted the UK's wheat harvest, which is predicted to be down by 30%. This could have an adverse effect on pricing.
- Sandwiches: Recent cases of *Listeria monocytogenes* and *E. coli* bacteria causing deaths and severe illness highlight the importance of being diligent about maintaining high standards when handling chilled foods. The British Sandwich & Food to Go Association has worked closely with the Food Standards Agency and NHS, with some businesses responsibly withdrawing products rather than take any risks that ingredients they use might be involved.
- Bread: The Price bread and other wheat containing goods are already rising and are likely to rise further.
- Tea – Short term supply shortages on Black Tea due to Red Sea disruptions as a result of attacks on freighters.
- A new Food Foundation study flagged that some plant-based meat alternatives are high in salt.
- The UK's Agriculture and Horticulture Development Board's campaign promoting meat came under fire over "outdated" nutrition recommendations.
- There are concerns that October's budget may hit HE catering services adversely combined with higher energy costs leading to lack of consumer confidence.

**Janitorial:**

- Potential delays and increased costs with containers are an on-going concern, as noted above container prices have been rising. Availability is increasing but delays and increased pricing still possible.
- Supply chain has stabilised for the majority of Janitorial supplies, and at more competitive prices.
- It is worth noting that some of the increases which we have seen have been 'surcharges,' especially on paper products, something suppliers have no control over. However, suppliers are continuing to remove the surcharge for some items, which allows them to provide more competitive pricing.
- Overall, the supply chain for Janitorial products is much more stable than 2023 and suppliers are much more competitive with their pricing.
- One of the prominent trends in the UK cleaning product supply industry is the increasing demand for eco-friendly and sustainable cleaning solutions.

**Construction & Building Materials:**

- Most construction materials pricing has stabilised, and steel and timber prices have reduced, offsetting some rises in concrete costs and are no longer the driving reason for increase construction costs.
- The S&P Global UK Construction PMI jumped to 55.3 in July 2024, above market expectations of 52.7 and up from June's 52.2, indicating a significant monthly expansion in the construction sector.
- Cost of insulation material are rising due to a combination of increased production costs and demand.
- Research shows with 40% of the current workforce 50 or over the UK requires an additional 19,550 workers just to be recruited to meet the known demand of projects in progress between 2024 to 2028.
- Global supply chains will continue to experience disruptions to the supply chain throughout 2024 due to geopolitical tensions set to appear to take a more prominent role in sourcing and distribution.
- Construction materials price changes in the 12 months to August 2024: **Increases** - Pipes & Fittings +17.4%, Precast concrete blocks, bricks etc. +5.1%, Precast concrete products +3.7% **Decreases** – Concrete reinforcing bars (steel) -7.2%, Fabricated structural steel -10.5%, Gravel, Sand, Clays -13.4%.
- In the year to June 2024, the total number of construction firms becoming insolvent was 4,303. This was a 2.28% decrease on the 12 months to February 2024.
- Reports from Construction Leadership Council in May Product Availability statement confirm that there is good stock levels across the board in construction materials but there is price volatility in timber related products and PIR installation.
- The latest edition of the Joint Contract Tribunal's (JCT's) Minor Works Building Contract family has moved its optional fluctuation clause online.

**Soft FM Security**

- Annual Increases in the National Living Wage (minimum wage) and Scottish Living Wage (as set by the Living Wage Foundation) will continue to increase pressure on pricing.

- The [national living wage](#) set by the UK government was increased in April 2024. Suppliers have requested to submit a price increase, once received this will be considered and if approved will require 30 days notice.

#### **Furniture:**

- Consideration should be given to refurbishment and re-engineering of existing furniture.
- Legislation has come in to force regarding the Waste Upholstered Domestic Seating (WUDS) with guidance being issued by SEPA. Further clarity sought from SEPA has indicated the majority of circular economy solutions are still open to institutions <https://www.sepa.org.uk/media/tnoa12he/waste-upholstered-domestic-seating-containing-pops-guidance.pdf>.
- The British Furniture Manufacturers (BFM) Wages Survey 2024 has found that economic uncertainty is the most significant factor influencing wage awards this year, followed by margins and the new National Minimum Wage.
- Volatility in global markets for raw material prices, energy costs, increased/high container prices etc continue to have significant consequences for manufacturers. Where highlighted, suppliers have confirmed they are managing internally to protect customers, but that they will have to continue to monitor.

#### **Vehicles:**

- Production levels have recovered post covid and there is widespread availability for most vehicles, with many manufacturers now expanding their range of hybrid and electric models available.
- Some vehicle parts availability remain reduced or restricted.
- The introduction & subsequent enforcement of low emission zones within four cities (Aberdeen, Dundee, Edinburgh, Glasgow) in Scotland may mean that institutions will be required to consider replacing vehicles to enable access to certain areas or routes depending on the emission standard of the vehicles in their fleet.
- The price for used vehicles continue to drop but these are still well above the pre-covid value. Some models and variants of vehicles still carry a premium beyond normal market levels.

#### **Energy:**

- Having fallen throughout Q124, as spring arrived, the forward curve has continued to rise markedly over the summer.
- Lower wholesale prices stimulated LNG demand in Asia, and away from Europe, although prices may now have reached a level where this trend reverses, high enough to deter price sensitive buyers in China and south Asia.
- The French nuclear fleet continues to perform well, as have renewables (particularly hydro), muting both European gas demand and the price rally in power.
- Winter approaches, and a likely switch from El Nino to La Nina, has renewed focus on how Europe will cope in a cold winter without piped Russian gas.
- Renewable Energy Guarantees of Origin (REGO), the certification for 'green' energy, averaged around £14.00 for CP22 although they went down to £5.00 after the close of the compliance period and before retirement. With the volatility and the fact that you can potential buy cheaper after the compliance period ends perhaps



move away from these and utilise the 'saving' to further invest in energy efficiency. REGO Prices via the new Scottish Government Framework are significantly higher than previously but offer a reduction versus the current market pricing.

Forward market pricing for electricity and gas remains high in historic terms and has been extremely volatile over the summer. Although the near-term market has been consistently well supplied, the forward curve has been driven by keen buying, supported by geo-political risk in the Middle East and Ukraine's invasion of Russia. So far, demand growth after two years of price driven destruction has been modest and is not itself yet driving higher prices.

### STEMED

*Includes: Medical, Laboratory, Veterinary*

- It is anticipated that AI's impact Laboratory work will generate more automated processes in the laboratory than has been seen in the past. Automation companies are already significantly reducing human touch points to increase efficiency and efficacy.
- Consumable suppliers continue to hold increased stock levels in comparison to pre-pandemic levels with supply chains for bottleneck items such as consumables now having more agility built in. Framework suppliers are confirming that they have built further resilience into the supply chain from lessons learned over the last three years.
- Conflict and geopolitical issues in the Red Sea and the wider Middle East has seen the world container index triple from c\$1681 per 40' container in September 23 to c\$5181 per 40' at the end of August 24. Prices have been falling since mid-July but it remains to be seen if this is a sustainable decline.
- Spotlight remains on raw material prices particularly for consumable products, due to geopolitical issues. Prediction is that these will reduce next year. Some suppliers are however indicating that fixing pricing for consumable items is difficult due to oil price fluctuations.
- A number of labs consumables suppliers continue to develop green product ranges and recycled products where possible with increased "green catalogues" and reward schemes for using them.
- There is very palpable increased awareness among suppliers and customers of plastic consumables, many of which are bottleneck items. Suppliers are taking creative measures to manage these issues.
- Lab gases have gone through a turbulent 12 months. Price increases have previously been driven by shortages in the helium and nitrogen market but supply is now returning to a more manageable level. Helium is, however, a finite resource and alternatives to this as being explored, particularly Nitrogen and Hydrogen.
- The UK Government has published the [National Quantum Strategy](#), which sets out a ten-year vision and plan for quantum in the UK, committing to spend £2.5 billion to research, innovation, skills and other activities in that period, as well as committing an additional £80 million over the next two years towards key activities
- Under the new Strikes Act, border force workers in ports and airports may lose the right to strike, with minimum service levels being mandated. This should be monitored closely as this has serious Human Rights ramifications.
- In general, suppliers continue to keep much tighter reins on their budgets with profit margins having been squeezed due to increased input costs and a general more cautious approach to risk. This has also affected marketing budgets which would previously have funded "added value" benefits such as free consumables etc with equipment purchases.

- The semi-conductor market has shown signs of stabilising which is a welcome relief following a turbulent period; prices are beginning to stabilise. Raspberry Pi have now moved to Model 5 which is even more powerful and being used in industrial applications.

### Professional Services

*Includes: Travel, Legal, Recruitment, Insurance, Printing, Audit, Occupational Health, Carbon Offsetting*

#### Travel:

- Demand for managed business travel is predicted to continue to increase driven by return of in-person meetings and events. Business travel sector will continue its post-covid recovery reaching to 80-85% of 2019 levels in 2024.
- July global IT systems outages impact will continue to be felt for some time, as travel management companies and their external partners are completing the backlog created by the outage.
- A lack of people with experience or willing to work in the travel/leisure/ hospitality industry continues to cause problems at all levels. Costs are rising in this area as well. Experienced staff who found alternative more secure employment have not returned, high level in inexperience in staff intake. At the same time, TMCs are increasing their investment in training and development of their staff.
- Bigger presence of artificial intelligence will have an impact on automatization of travel booking and expense reporting tasks, and will support predicting and preventing travel disruptions.
- Price increases are expected to increase in both air, train travel, and hotel accommodation due to rising labour, energy and airport costs and continued volatility on the geopolitical landscape affecting flight paths and oil prices.
- While there are no direct safety concerns in terms of the recent volatility in the MEA, TMCs are increasingly having to monitor FCDO advice, in terms of travel plans. Eg; if trips are not to go ahead due to safety concerns or increased risk, then dealing with members to find alternative arrangements or a refund.
- Sustainable initiatives will also impact on price increases in all supply chains which will on a plus side contribute to the sectors ambition on carbon neutral targets.
- The Global Business Travel Association recently predicted that corporate travel won't fully return until mid-2026, 18 months later than the trade group had previously forecast.
- The Air Passenger Duty (APD) increase in April 2024 is expected to impact individuals travelling to long-haul destinations.
- Continuous airports and rail strikes continue result in flights and train journeys cancellations not only in the UK, but across the whole of Europe.
- Results of General Election 2024 and the new Labour Government are likely to have significant impact on Higher Education sector.
- Policy changes are likely to have direct impact on universities financial standing and therefore decreased travel budget, particularly international travel.

#### Legal:

- Inflation continues to put pressure on labour costs and framework suppliers seek to increase rates to retain staff (or attract new lawyers) and offset increases in business costs. The framework is limiting increases allowed to below inflation and provides various cost options to members.
- Increased activity in mergers and acquisitions in the market are noted across the market.
- Artificial intelligence is starting to reshape the legal practice industry by being more present in its day-to-day operations.

- The Bill received Royal Assent on 26 October 2023 and is now the Procurement Act 2023. The Cabinet Office has suggested a go-live date of October 2024 (with a six months' notice period ahead of that date). As with the introduction of the PCR 2015, implementation may be in successive phases.
- Legal services continue to develop the use of AI (Artificial Intelligence). Dedicated AI for legal work was only once accessible by the largest firms. This is no longer the case. There is an increasing range of commercial products, making it easier for smaller firms to benefit. Several systems are available online for anyone to use, at very low cost. Staff might use these occasionally and casually, even without the firm formally adopting AI as part of its work. The cost and speed benefits these systems bring could be a major advantage to firms that adopt them. This may particularly be the case in the current hard economic times. Law firms are exploring how they can adopt artificial intelligence to create operational efficiencies, which in a longer term can reshape the legal practice industry.
- The new Procurement Act 2023 is a chance to reform the procurement regime in the UK and provide a slicker, more efficient procurement process. The new Regulations are casting more light on what is required of authorities in terms of publication and transparency before, during and after the procurement process, together with new publication requirements that now apply during the life of a contract.
- Regulatory innovation continues to allow ABS models to grow in the market (Alternative Business Structures).
- Contracts Finder and Find a Tender Service will be replaced by a new portal later this year. The number of notices authorities will be required to publish is increasing and is set may be a burden if authorities are not adequately prepared. All notices also come with a change of terminology and format of those notices. This does not apply in Scotland.
- Training for the Procurement Act has now been released as e-Learning and can be accessed via <https://www.gov.uk/guidance/the-official-procurement-act-2023-e-learning>.
- Demand for UK legal services remains high in areas impacted by Brexit which trigger regulatory changes. This is particularly notable in commercial and procurement law. Members may find longer engagement times in these specific areas.

#### **Recruitment:**

- Recruitment remains a challenge and associated costs are increasing due to availability of candidates and number of roles unfilled meaning employees can be more selective about where they work.
- A shortage of candidates and rising costs of living means a lot of people are changing jobs for higher salaries. Retention strategies that focus on 'great place to work' and other benefits are becoming increasingly unattractive.
- Commission rates remain stable, but wages are on the increase in a lot of sectors.
- Results of General Election 2024 and the new Labour Government are likely to have significant impact on Higher Education sector, particularly in the areas of immigration policies affecting international staff, as well as international students
- Policy changes are likely to have direct impact on universities financial standing and therefore decreased recruitment as well as rationalisation of human resources.
- Existing staff's morale is likely to be affected and result in voluntary redundancies and further vacancies.

**Insurance:**

- Like several other professional services, the industry continues to face challenges, albeit surmountable, around both the active recruitment and retention of staff. This particularly applies to those in senior roles.
- The market has stabilised slightly with providers being clearer about their ability and capacity to service particular areas.
- There has been some competition for well-managed risks and a new team within the ZM leadership group may lead to renewed interest in the future. Placements remain scheduled in many instances with insurers unwilling to provide 100% cover in its entirety where larger sums are involved.
- Higher scrutiny of claims and information required by underwriters. Insurers may be more assertive in policy term extensions, coverage and limits. Many firms removing Cyber cover for new and existing customers and/or vastly increasing premiums. Appropriate disclosure is vital it controls the narrative, creates underwriter confidence, puts the risk at the 'top of the pile', reduces the risk of underinsurance/ averaging and supports appropriate loss scenario testing. Strong Business Continuity Plans that demonstrate embedded risk management from senior level to all the way down, is increasingly important.
- Well-managed risks with a break-even (or better) loss ratio claims-versus-premium position should be able to either maintain their rating or find an alternative insurer at similar cost.
- The Directors & Officers (D&O) and Cyber market environments were characterized by healthy competition and abundant capacity. Reinsurance renewals in 2024 to date have seen a steady improvement, with increased capacity and reinsurer appetite leading to rate reductions for Property catastrophe risk and improvements in terms and coverage at mid-year.
- Some capacity constraints remain in PI, Crime, and Casualty/Liability.
- Globally, the outlook for Property, D&O and Cyber has improved through 2024 and this has been reflected in lower or stable quotes for well-managed risks. Competition fuelled by insurer growth ambitions led to buyer-friendly Property market conditions for example, the US market, in particular, experienced its most favourable conditions in almost seven years.

**Insurance Cyber:**

- Many firms removing Cyber cover for new and existing customers and/or vastly increasing premiums.

**Insurance PI (Financial Lines):**

- A very difficult market with historic under-pricing of risk by suppliers leading to insufficient allowance for claims. Prices have and are increasing drastically, and insurance is being refused to some.

**Insurance Property:**

- Rising prices arising from increased re-insurance costs, high claims and prevailing risks which include climate change

**Printing:**

- The industry digital transformation is causing a shift in demand with bigger focus on web-to-print platforms enhancing customer experience by providing them access to customised and fast print.

- Declining volumes in areas of printed media and print publications has seen reduction in labour and capacity.
- Change in demand as profile of the industry changes from traditional print to digital media. Office environment changes impact on this owing to working patterns (hybrid working) and sustainability considerations.
- Alongside the ongoing decline in areas of printed media such as catalogues and flyers, the demand for products such as greeting cards is also reducing owing to digital alternatives in the marketplace.

#### **Audit:**

- The shortage of personnel with auditing skills still exists. Audit firms often committing or allocating staff to projects up to a year in advance. Higher demands on personnel with specialist audit skills such as IT audit, data analytics, and cybersecurity.
- A lack of trained resource is limiting capacity at most firms, meaning new clients are difficult to onboard even with reasonable notice. Regulatory changes or high profile issues has also caused increased materiality review and a need for more specialist input required in audits.
- Tighter regulations due to high profile corporate failures.
- The Chartered Institute of Internal Auditors is reviewing and updating its two codes of practice. The aim of the review is to reflect evolving practice, including the new Global Internal Audit Standards and developments in the UK Corporate Governance Code, and to correct any unintended consequences that may have arisen in the application of the codes.
- The competitive landscape has led to substantial salary increases across the board. Audit firms are willing to pay a premium for top talent. Fees for audit work have increased by 20-30%.
- Some firms feel that they cannot be competitive due to procurement exercises price/quality ratios and organisationally set fees.
- Overall, the demand for audit and tax services is very high which is pushing some fee rates up by extraordinary increases and also creating a shortage of services due to demand.

#### **Occupational Health:**

- All Party Parliamentary Group on Occupational Safety and Health has produced a report highlighting the short and long terms issues in occupational Health in particular focusing on Occupational Health Physicians (OHP) in the industry and the growing shortage of OHPs.
- AI and wearable devices/technologies are being used more to predict trends and identify and measure risks more accurately. Increased focus on mental health and wellbeing, preventative care and the ergonomic issues of remote working.
- A [Government consultation](#) focuses on the role of the Government, OH providers and employers, in increasing OH coverage across the UK, within the broader context of enabling better workplace support to improve productivity and prevent ill-health related job loss.
- Demand for occupational health services continues with increased demand for mental health and wellbeing programmes.
- The focus and mix of service delivery has changed post-covid with an increase in remote workers and a change to how services are delivered which has an impact on the commercial models for organisations.

**Carbon Markets:****EU Carbon**

- Pricing is still very dynamic in the European markets with prices particularly which may push prices higher.

**UK Carbon:**

- UK Prices have fallen across the last 12 months and are volatile. They seem set to follow this pattern for the coming month.
- The Climate Change Act commits the UK government by law to reducing greenhouse gas emissions by at least 100% of 1990 levels (net zero) by 2050. This includes reducing emissions from the devolved administrations (Scotland, Wales and Northern Ireland), which currently account for about 20% of the UK's emissions.
- UK Government implemented PPN 01/24: <https://www.gov.uk/government/publications/ppn-0124-carbon-reduction-contract-schedule>. This provides standard T&Cs to support contract specific decarbonisation objectives to be set and delivered
- The UK government has increased the budget for this year's renewable energy auction to a record £1.5 billion, focusing primarily on offshore wind projects. This boost, welcomed by the renewables industry, aims to help quadruple offshore wind capacity by 2030.