UKUPC

UK Universities Purchasing Consortia

Market Insight Document

This document has been developed collaboratively by those responsible for contracting activity in Higher Education Consortia. The information included is intended to be used as a high-level guide to market activity, risks and opportunities in the wake of significant disruption following Brexit, Covid and a variety of other international natural, political, economic and social events. The information included has been gleaned from a number of sources including directly from suppliers and appropriate news sources.

We encourage you to use this document as a reliable source of information, however we would advise that further guidance is sought on areas of particular significance for your organisation if required. There are regular national category group meetings across all areas which you are invited to attend, these meetings are a great forum to discuss challenges and share experiences. Alternatively, please do contact the appropriate responsible person in your regional consortium for advice on specific matters.

December 2024 UKUPC

Contents

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Category	Includes
ICT	AV, Computing, Telecoms, Library Systems
Library	Library
Estates, Facilities and Building	Catering, Cleaning, Security, Furniture, Janitorial, Workshop, H&S, Vehicles, Office Supplies (Stationery, facilities operations, water coolers etc), Utilities, Energy
STEMED	Medical, Laboratory, Veterinary
Professional Services	Travel, Legal, Consultancy Recruitment, Insurance, Printing, Carbon Offsetting Markets

<u>Labour</u> (costs, shortage, abundance)	**<u>Supply Chain</u>** (logistics – costs and delays, import export risks, raw material shortages/availability of supply)	**<u>Regulatory</u>** (new legislation, legal cases, Procurement regs, sustainability)	**<u>Commercial</u>** (currency fluctuation, taxes, demand)
ICT ***Includes:*** *AV, Computing, Telecoms, Library Systems*			
AV: In-House staff costs are increasing with suppliers trying to reduce the external cost of living price pressures balancing the Living Wage and increased salary expectations when recruiting new staff members. **New NI implications will also have a major impact to staffing costs.** Subcontract Staff have increased their day rate costs by 10-15% over the past 12 months Regular availability of Subcontract resources has become a challenge over the last 2 years due to the volume of AV projects being undertaken each year, whilst the increase in workload is welcomed by the market, the resourcing and management of this has become an ever-increasing challenge. Some suppliers are investing in additional directly employed engineers and upskilling their own staff on subjects such as control programming to improve resources.	**AV:** Product availability issues seemed to have been resolved. No shortages are reported and distributors are reducing the amount of stock. Leadtime's have vastly improved. 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.		**AV:** There have been some fluctuations in the market reported with pricing being affected by the Dollar (some key partners are American based). On occasion, some slightly increased commercial discount levels are being provided by some supply chain. This is potentially due to the slight downturn in orders and client spend this year following of government funding in the public sector.

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	Computing: Lead times on PC/Laptops/workstations are as below: • Desktop PC's: 2-3 weeks • Laptops: 2-3 weeks • Desktop workstations: 2-4 weeks • Mobile workstations: 2-4 weeks Monitors: 2-3 weeks Review meetings held with PC device OEMs in September 2024 indicate no underlying delays or issues to report and this has remained the case for the last few quarters. The next gen AI PCs are becoming available through Framework Agreements. Devices will have NPU of 40 tops plus and will have AI assistants built in. They are engineered to manage data and large language models, and have the ability to summarise documents, create papers, search cloud storage and to optimise the PC configuration.	**Computing:** 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 an align with their existing system architecture. HE sector volunteers have stepped forward for Beta testing along with a systems lead for UKUPC we look forward to positive feedback on the registration process in particular. Some HE portal providers such as Mercell, which use to trade as EU Supply and Delta amongst others are already making beta versions available of some of the Procurement Act 2023 (PA2023)	**Computing:** The pound has fallen from 1.31USD in September to 1.27 in November. This may have a positive effect on pricing for computing if it continues.

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		procedures, for customers to test and feedback on. Providers have advised that they are confident their solutions will be PA2023 ready because some of the new procedures are not dissimilar to how their current systems serve their private sector clients. The accelerated pace is allowing providers to distribute new process templates to their customers in advance for testing and trouble shooting. This progress is also allowing providers to work on training materials and resources, which will be a key to the successful adoption of the new procedures. A substantial change element that is benefiting from this recent acceleration is the Central Digital Platform (CDP). Jisc procurement is looking to run sessions on the new Procurement Act before launch.	

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Software: Suppliers are reporting labour and skills shortages. It can be difficult for suppliers to retain skilled staff including consultants, support specialist and project managers. There is a risk that software implementations could be delayed or disrupted due to changes in consultants or lack of availability of skilled employees. Institutions are also experiencing challenges around recruitment of skilled staff.	**Software:** Microsoft has announced that it will split the Teams app license from Office 365. There is likely to be an effect on the sector negotiation strategy. [Microsoft: Technology giant splits Teams and Office globally - BBC News] SAAS Hosting is noticeably more prevalent in the sector and suppliers' tender submissions. Suppliers are becoming protective of their own terms and conditions and engaging less with public sector boilerplate terms. Many of the large software companies and technology giants have announced worldwide workforce cuts, as the tech industry suffers after years of boom. 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		**Software:** Currency pricing risks are now mentioned by an increasing number of suppliers, who may use hyperscale vendors to host applications. Contract pricing escalators may be used to control such pricing variations. Microsoft licensing changes could present an escalation of costs to the sector. Aggressive pricing strategies are being pursued by many software companies, such as Oracle around Java licensing and SAP on Qualtrics. Software pricing is likely to represent a high risk to institutions, as suppliers look for strategies to migrate applications to the cloud. Finance systems, HR Payroll and Student records system. Pricing pressures are evident and storage costs and daily rates are increasing. Recently Microsoft announced its intention to amend prices globally on a six-monthly basis due to currency fluctuations. The Microsoft negotiated deal is currently being finalised by Jisc.

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	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. Many market leading software companies are now using a re-seller partner to bid for frameworks and act as prime-contractor for the Ts & Cs sign-up and customer Call-offs. 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. For example, some or all of the software is owned by an Open Library Foundation and supplied by an intermediate Managed Service Contractor. Institutions can look at the ROI for the new features on software to mitigate increasing

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			license costs. For example, incorporated AI features within applications may have a strong use case to improve the efficiency of the processes within an institution. Many institutions are looking at consolidation strategies.
Data Centre: The demand for and rapid expansion of Data Centres continues to stretch labour demand, currently, 10% of positions in existing US data centres remain unfilled, a rate more than double the national average. Data Centre power usage is expected to increase, to illustrate this data centres accounted for only 3% of US total power usage in 2023, projections suggest this could exceed 11% within the next decade. Source https://www.capacitymedia.com/data-centres-report	**Data Centre:** Some materials shortages continue. Suppliers will continue to work with Institutions to manage project delivery. 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.		**Data Centre:** The largest new artificial intelligence (AI) data centre in Europe, expected to create 1600 jobs and generate inward investment worth multi-billion pounds is planned for construction. Source: https://www.gov.uk/government/news/new-ai-data-centre-being-enabled-by-coal-authority-permits
	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. The bottleneck has now moved downstream to the implementation stage. Cisco estimates		**Networking** 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,

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	"there is an additional one quarter to two quarters worth of shipped orders in customers' hands, still waiting to be deployed". Quarter one product revenue growth of 9% has been seen over last year, compared to quarter 4 product revenue growth of 20%. Both ship and lead times and backlog have largely returned to normal levels," according to Cisco CFO Scott Herren. Other vendors such as Arista Networks and Juniper Networks have reported similar normalization. Source: Networkworld Framework providers are not tied to one vendor and are keeping customers up-to date.		macro-economic climate & climate change.
	Printers and MFDs: The supply chain remains challenging for printers and MFDs but like other areas is improving. Some institutions are re-evaluating their entire print fleet and strategy so the demand is not as high as pre-pandemic. This industry did not suffer from excessive demand during the pandemic but the opposite issue, as workers moved home.		**Printers and MFDs:** 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. Several suppliers have indicated that pricing pressures may need to be addressed. The price of lease costs is under pressure at the moment, as various suppliers are

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	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.		now requesting price increases due to the ongoing sharp rise in interest rates. No supplier pricing requests have been submitted as part of the Scottish Procurement MFD framework agreement. Konica requested a price increase for the Nepa2 Framework. This was rejected due to lack of information from Konica as to the reason for the increase request.
	Office Supplies - Paper Supply-chain lead-times remain a challenge moving into 2025 owing to the Middle-East conflict and alternative routes creating longer shipments. Suppliers are monitoring this to ensure stock is available as the paper mills can get busier in certain global locations creating longer lead-times coupled with freight increases since 2023. UPM Mills continue to introduce short term capacity reductions by adjusting their production levels in response to lower volume trends through temporary shutdowns and maintain profitability in an uncertain market. Pulp costs seem to be stabilising but producers are reducing their capacity in		**Office Supplies - Paper** Stockists and distributors have advised that generally the paper market is stable albeit there remains some uncertainty in a changing industry where there is now slower demand. Stock is available across Europe, South America and Asia – pricing is improving slightly since 2023 levels but still some uncertainty. Paper mills prices continue to be a little higher due to shipping freight costs, but it has reduced towards the end of 2024. The availability of “white box” paper (cheap unbranded product) is still more affordable from the Far East, but some are from unregulated sources so distributors need to be vigilant as it is unsustainable long term.

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	response to a period of increased input costs.		Price is also affected by ongoing decline in demand and consumption of paper, particularly in Europe and production capacity has reduced with the ongoing trend of hybrid working and less office based staff. Year on Year volume on office supplies is down owing to this change in workforce pattern. Mills and stockists continue to focus more on producing cardboard owing to the increase in home deliveries coupled with the increased profitability the change of manufacture affords. Whilst inflation is reducing slightly at the end of 2024, the economy and wider global impacts creates a level of uncertainty, coupled with lower demand in paper. Traditionally Lengthy fixed price deals are mostly disregarded as mills now routinely increase their pricing on a "take it or leave it" basis.
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	Sustainability – UKUPC is working in the supply chain via Book Industry Communication (a not-for-profit book supply chain organisation) and sector	Some more economically sustainable e-textbook models have begun to develop and anecdotally members seem to be

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	(digital doesn't work for some), cost of digital, and also suitability of digital for subject matter (digital is particularly poor for Art).	bodies such as Jisc and SCONUL to better understand the practices and accreditations relating to the green supply chain. The aim is to find and bring through best practices into the library supply part of the chain both from a supplier and a member perspective. The forthcoming new Books/e-books framework (which will have a diverse group of suppliers) will set achievable minimum standards for carbon reporting and use the contract management process to inspire a race to the top. 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. The licence used for the Books/e-books framework does not contain such a clause so suppliers may not compliantly add one. The forthcoming new framework will also build on the Jisc AI due diligence question	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. Newer (non-framework) suppliers such as Sylla are also emerging that may help members to use OA resources to gain more control over their spending. Impact of changes to National Insurance are not yet clear. There are potential impacts on pricing for both publishers and resellers/aggregators depending how UK-based their workforces are. There may also be some opportunities for creative

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		set to provide transparency around AI development for those suppliers. 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.	thinkers and SUPC is keeping a watching brief via framework suppliers. Aggregators have noted a decline in the sale of eBooks and a slight rise in the sale of print books. This is a signal that price pressures are impacting sector demand.
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: In general recruitment and retention in the labour market is more settled, but issues still exist across a few commodity and service areas. The recent changes in Employer's NI Contribution rates and thresholds are likely to affect the labour market. The latest quarterly Building Engineering Business Survey, carried out by ECA in partnership with BESA, SELECT and SNIPEF, has revealed that electrotechnical and engineering services businesses struggle to find suitably qualified candidates to fill vacancies in their organisations. Of the 125 businesses surveyed, almost half (46%) are currently looking to fill	**General /Logistics/Hauliers:** The World Container Index indicates that issues in the red sea are not currently impacting global trade routes with the prices dropping from the 12 month peak at the start of July 2024. The World Container Index as of 14th November confirms that this remains stable at $3,440 per 40ft container this week, however, this is still remaining higher than the previous 10 year average, which remains inflated due to the COVID pandemic The Italian Government announced changes to the mandatory shut down in August and the shut down now only lasts for two weeks, easing pressure on Furniture suppliers and the supply chain	**General/ Logistics/Hauliers:** **Border Control Checks:** Introduction of Safety and Security declarations for EU imports has been delayed until 31 January 2025. The government has announced that the introduction of documentary and risk-based identity and physical checks on medium risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU entering via West Coast GB ports will not begin yet. Identity and physical checks on goods requiring inspection from the island of Ireland are now not expected to begin before Spring 2025.	**General:** The Bank of England's Monetary Policy committee recently reduced the interest rate to 4.75%, the next decision is due to be announced on 19th December 2024. This is a further reduction from the previous 5% but these are still higher than most of the preceding sixteen years. The CPI 12 month rate at October 2024 is 2.3% which is an increase of 0.6% from the September 18 month low but this is still 50% than the CPI 12 months ago. The new UK Government's first budget brought a few impact points, the main one being the increase in costs of employer's NI Contributions due to changes in threshold levels and percentage values, rising by

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vacancies in their organisations. Of those respondents, half (47%) said that candidate pay expectations are too high, and 46% said applicants consistently lack sufficient knowledge or skills for the job.	The administration of ISG has had a significant impact on sub-contractors with circa £190m+ being owed. This puts high risks on stability of SMEs. All NEUPC framework suppliers in Estates areas have been contacted. Some have reported losses but maximum £20k and no significant impacts expected. Material prices are in the main consistent with a few outliers. Pipes and fittings have risen 17.4% in the last year while Fabricated structural steel is down in cost by 16.2% (source Gardiner & Theobald Q3 Market Report). Current tender price change analysis is up 2.25% in Q3 of 2024 and forecast to increase to 2.5% in the coming months.	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 has been delayed and will now be implemented until 31st January 2025. The Model has been hit by a string of delays in implementation over concerns it will trigger huge backlogs at the border and, in turn, have a major impact on supply chains. This 3rd phase will include safety and security declarations for EU imports will come into force. Alongside this, the UK will introduce a reduced dataset for imports (with the goal being to reduce duplication in customs declarations). The UK government's accessions to restore the NI government at Stormont continues to bring some changes to the Windsor Framework which controls the flow of goods to and from the UK to Northern Ireland and via there to and from Ireland and the EU.	1.2%. This will have an impact of some manufacturing and most service based areas. Fuel duty remains frozen at 52.95 pence per liter since 2011-12, following a temporary 5 pence cut was introduced in 2022-23 and which has been extended for another year. Recent Budget announcement will see impact across all category areas due to increases for employers across National Insurance, Corporation Tax and Business Tax, with another wage increase for 2025, 6.7% increase in National Living Wage to £12.21. For 18-20 year olds, National Minimum Wage rate will rise even more significantly, by 16.3% to hit £10.00 an hour

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		This was originally risk based and focused on the final destination of goods as below: • The Green Lane will continue, seeing the flow of goods from UK to Northern Ireland with minimal certification or controls. • Where goods enter NI, but are destined for Ireland or the EU, these will continue to be subject to full EU controls on arrival in NI. • Labelling updates will have to be made – goods entering NI and destined for the NI market only, will have to labelled 'not for EU' and are prohibited from being placed on the EU market. • Delays to the 'Not for EU' labels on all meat and dairy products sold across Britain has been indefinitely postponed. Instead, Government will review the policy, which was devised under Conservative Administration.	
Waste: The HGV driver shortage no longer seems to be an issue and the situation has improved significantly, this in part is down to employers increasing wages and improving employee benefits for HGV	**Waste:** As the industry is heavily reliant on vehicle fuels, the previous increase in fuel costs had a big impact. Fuel prices continue to	**Waste:** To meet the Scottish Government's target of Net Zero by 2045, Scotland still have a challenge ahead in order to reduce emissions. To achieve these milestones Scotland must meet recycling	**Waste:** 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.

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<td>drivers as well as investing more money into training, and also in part down to the government schemes rolled out to ease the situation such as a relaxation of drivers hours and funding made available for HGV driver trainees.</td>
<td>fluctuate and we have seen prices drop in recent months (latest figures below).

<table>
<tr><th colspan="5">Pump prices UK</th></tr>
<tr><th>Date</th><th>1 Feb 2024</th><th>1 May 2024</th><th>1 Aug 2024</th><th>1 Nov 2024</th></tr>
<tr><th>Unleaded petrol</th><td>140.55</td><td>149.54</td><td>143.42</td><td>134.41</td></tr>
<tr><th>Diesel</th><td>149.35</td><td>157.64</td><td>149.10</td><td>139.84</td></tr>
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<td>targets by ending landfilling of biodegradable waste and significantly reduce food waste and aim for a more rapid transition to a fully circular economy in Scotland. This is being driven in part by the introduction of carbon measurement and associated charges and EfW and waste incineration facilities will be included in the UK ETS from 2028.

Scottish Government has pledged £70 million to help improve local recycling collection infrastructure as well as developing a future model of recycling collection that aim to make it easier for householders and businesses to make the right choice when it comes to dealing with waste.

The Scottish Government have recently passed the Circular Economy Bill which aims to give ministers the powers to set recycling targets as well as provide local authorities with the enforcement powers to crack down on fly tipping and littering. These measures will be supported by the pledged funding.

Further clarity is being sought on how this may impact circular economy</td>
<td>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.
• 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 <u>here</u></td>
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		opportunities https://www.sepa.org.uk/media/tnoa12he/waste-upholstered-domestic-seating-containing-pops-guidance.pdf There has been an increased focus on the management of waste containing (POPs) Persistent Organic Pollutants particularly in (WUDS) Waste Upholstered Domestic Seating and SEPA guidance has been issued to support waste holders in classifying and assessing their Waste Upholstered Domestic Seating (WUDS) to help ensure that it is managed in an appropriate manner). Further information can be found at https://www.sepa.org.uk/media/tnoa12he/waste-upholstered-domestic-seating-containing-pops-guidance.pdf This is also affecting WEEE materials and equipment https://www.sepa.org.uk/media/594293/pops.pdf Waste suppliers are supporting institutions on how to assess and process waste which may contain POPs to ensure they remain compliant. APUC will continue to assess the	

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		changes to regulations as they progress and engage with contractors to ensure we adhere to all regulatory changes.	
Catering:	**Catering:** **Avian Flu:** There have been no outbreaks of avian flu in Scotland for 2024. Egg production levels are beginning to rise slowly, and some costs of production are coming down (eg. Feed). Halal Chicken is still in short supply and continuing to be difficult to source. The issues with the Red Sea have not seen as much disruption as first envisaged, however, costs for importers are higher. The switch to the Dutch Market for Tomatoes is seeing prices rise. 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 and we are seeing more issues with quality of these produce. Potato and Onion quality is increasing	**Catering:** At the start of October, it was confirmed that the planned 10th November introduction on the EU's Entry/Exit System (EES) has been postponed indefinitely and a staged approach will be applied.	**Catering:** In the 12-months to October 2024, average food prices faced by UK households (as measured by ONS' CPI index) increased to 1.6%, down marginally from 1.7% in September 2024. Oils & Fats saw the highest increase at 11.1% alongside Jam & Confectionary, which rose by 5.7%. Despite these increases, some food sub-groups continue to have negative inflation rates, indicating lower prices compared to 12 months previously, including fish (-1.6%). In the 12 months to September 2024, overall inflation, measured by ONS CPI, was 1.7%, down from 2.2% in August 2024. The largest downward contribution to the monthly change came from Transport, with larger negative contributions from air fares and fuel – the largest offsetting upward contribution came from food and non-alcoholic beverages. Global meat production is forecast to expand marginally in 2024, driven by an increase in poultry meat production,

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	after a bad first harvest and pricing is returning to pre-summer levels. The rain has also negatively impacted the UK's wheat harvest, which is predicted to be down by 22%. This may have an adverse effect on pricing. Recent Spanish flooding is expected to impact iceberg lettuce, with some suppliers advising it is not currently available to purchase.		notwithstanding possible negative impacts stemming from extreme weather events, the spread of animal diseases and thin profit margins.
Meat & Poultry Labour shortages continue within the food supply chain as numerous sectors continue to experience challenges with recruiting and retaining sufficient workforce. Sectors affected include farming sectors such as pigs, eggs, poultry, red meat, dairy, arable and edible horticulture; primary processing including meat processing.	**Beef:** UK beef production is forecasted to be 2024, up 0.3% compared to 2023. In 2025, changes in slaughter are expected to lead to a further 2.6% reduction in beef production. **Lamb:** Total sheep meat production is expected to fall by 3% to 278,000 tonnes in 2024. This is driven by a fall in the lamb crop impacting on slaughter levels of new season lambs. **Lamb:** The schallenberg virus and blue tongue virus have been highlighted as likely to impact sheep numbers throughout 2024 as there have been an increased number of cases but it has been assumed		**Pork:** 2024 has seen very little movement in prices compared to previous years and supply remains tight and demand remains subdued. Consumers remaining sensitive to prices, reducing volumes purchased and switching to cheaper proteins. **Beef:** GB deadweight cattle prices have been relatively resilient during the first half of 2024. Cheaper primary cuts such as mince are expected to do well, and any rises in scratch cooking could further benefit mince due to its low-price point. Increased cattle slaughter and growth in import levels have put more supplies onto the market, which pressured prices particularly through the spring. Regardless,

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	the impact will be minimal but impact remains a larges uncertainty.		prices have persisted at historically high levels so far this year, supported by robust consumer demand, and underpinned by strong cattle prices in Irish and European markets. **Poultry:** Chicken prices are fairly steady **Lamb:** The lamb prices so far in 2024 have been hugely volatile supported by a smaller carryover compared to 2023, which alongside a delayed NSL crop, has led to fewer supplies available. This has offered supply side drivers to prices, in a period of higher-than-expected demand. A smaller number of imports will also support domestic prices as NZ & AUS exports are focused on other destinations.
Sandwiches **Labour Shortages:** There is a significant shortage of workers, particularly in roles that require specific skills. This shortage is affecting the entire supply chain, from production to retail. **Recruitment and Retention:** Attracting and retaining staff has become increasingly difficult. Factors such as low	**Sandwiches** The Grocer report: Butter prices have risen by as much as 20.8% over the past month, following a tightening in supply of milk and cream. Thirty-seven out of 117 butter lines at the major multiples have seen their prices hiked in the five weeks to 13 November,	**Sandwiches** FGS mustard cross-contamination highlights risk The risks of allergen labelling were highlighted recently with the mass withdrawal of a wide range of products as a result of mustard and mustard powders being cross contaminated with peanuts. Thought to originate from farms in India, the contamination affected mustard products	**Sandwiches** Lunch remains a dominant category in the food-to-go sector. According to IGD, 71% of food-to-go purchases in early 2024 were for this meal occasion. The convenience of meal deals makes them a popular choice for budget-conscious consumers, whether opting for a classic sandwich or more unique items like a slice of pizza.

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wages, demanding work conditions, and competition from other sectors are contributing to high turnover rates. **Seasonal Workforce:** The industry relies heavily on seasonal workers, many of whom are from overseas. Changes in immigration policies and the availability of visas have made it harder to secure this essential workforce. Automation: To mitigate labour shortages, there is a push towards automation. However, the transition is slow and requires significant investment, which not all businesses can afford. **Government Policies:** The new Labour government has introduced measures to address these issues, including extending the seasonal worker visa route and focusing on domestic employment and skills development.	according to analysis of Assosia data by The Grocer. “Tight supplies of milk and cream, due to adverse weather conditions, have led to wholesale butter prices soaring, currently 60% higher than a year ago,” said Harvir Dhillon, BRC economist. “Prices should start to settle in spring when there will be a greater supply of milk.” His comments came after a recent AHDB report stressed that butter supplies “continue to run very tight as many are electing to sell the cream rather than go to the expense of churning butter”. The board said not much British product is available for any short-term coverage.	imported by FGS Ingredients but the incident highlights the continuing risks of contamination in prepared foods. In the case of FGS Ingredients, over 100 products across ready meals, sandwiches, dips, table sauces and salads were affected.	
		Fresh Produce: Up until now, EU imports to the UK have been subject to certain distinctions compared to imports from the rest of the world. Meaning documentation and imports from the EU have been quicker and easier to complete.	

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		So far Fresh Fruit & Vegetable suppliers have reported little disruption to the supply chain due to the change in UK Border Control. Suppliers continue to work with the Federation of Wholesale Distributors (FWD) regarding any concerns on potential cost impact of these border control changes. Although given the majority of imports (including their packaging/ingredients) are managed directly by suppliers, framework wholesalers are unable to provide any estimated impact at this time. However, following an initial review it would indicate that the media coverage on this matter, unsurprisingly appears slightly exaggerated. As a result, given the classification detailed above, (i.e. as 'low risk'), any impact on cost for products which framework wholesalers source and directly import appears to be minor.	
Fish & Seafood Whilst not yet in force, there is no doubt that the forthcoming increases in national living wage and national insurance contributions will have significant ramifications throughout the supply chain	**Fish & Seafood** It has been a turbulent year on frozen with the disruption in the Suez shipping canal, USA sanctions on product of Russian origin, and white fish quota cuts. As of mid-September, average daily transits	**Fish & Seafood** The MCS sustainability rating for some species have changed and customers are advised to remove certain species from their menus.	**Fish & Seafood** Currency exchange rates have been favourable, and suppliers are hopeful that this will continue as it considerably mitigates the effects of inflation on imported lines.

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and for hospitality. Operators will start gearing up for this, as it is not possible for all increases to simply be absorbed. Suppliers expect that, in some cases, operating hours and days will be shortened to save labour.	through the Suez Canal stood at 29, compared with about 80 last October, so this is still creating increases in freight rates and delays in shipping, along with raw material shortages. Suppliers have seen the effects of some of this in cod and haddock pricing. Poor availability on cod means that they are still seeing some increases. Haddock is also still going up but is expected to level out early next year. Demand has, however, increased on pollock. Pollock prices have been at a low level for a lengthy period due to oversupply and stock in Europe. These stocks are now reducing and price at origin is rising. Frozen white fish pricing always moves in cycles, with demand moving from one species to another as a response to inflation. This is certainly the case here.		The reduction of cod quota in the Barents sea for 2024/25 is likely to have the most significant effect on white pricing. With demand for Norwegian and Icelandic product at an all-time high, combined the USA sanctions on products of Russian origin, all white fish will be affected as operators seek out alternatives. We are moving into a volatile period for fish & seafood with reduced fishing effort over the holidays, and festive demand creating strong markets for salmon, lemon soles, hake, native scallops, turbot, lobsters and monkfish. This should ease for some species later in January, although salmon could be at higher prices for the for the first 5 months of next year – consistent with historical trends.
Alcohol There are still difficulties in recruiting and retaining staff. Driver availability continues to be challenging but is improving. Additional costs to maintain and employ staff.	**Alcohol** Pricing continues to be problematic with ongoing freight delays and higher costs. Suppliers have increased stock levels to compensate for delays. Brand owner increases to offset against inflation and the rising cost to manufacture beers, wine and spirits continue to impact distributor		**Alcohol** New Alcohol Duty Rates 2025 were announced in the Labour Government's first budget. Included in the budget was an update on Alcohol Duty legislation in

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	pricing. Suppliers will be communicating with customers regarding the impact of the new alcohol duty rates and what they can do to prepare for this coming in next year.		which alcohol duty will be going up once more. • On 1st February 2025, alcohol duty on non-draught products will increase in-line with the 2nd quarter 2025 forecasted RPI inflation rate of 3.65%. • The temporary easement of wine alcohol duty bands will cease on 1st February 2025. Customers should expect still and sparkling wines to increase by an average £0.15 per bottle.
CICS (Catering Innovation Concept Services) There are still difficulties in recruiting and retaining staff. Driver availability continues to be challenging but is improving.	**CICS (Catering Innovation Concept Services)** There are still issues with the Suez, which is creating increases in freight rates and delays in shipping, along with raw material shortages. Suppliers must closely monitor price fluctuations to ensure their businesses are well-prepared for any future challenges. Where possible, they are holding good stocks on ranges to mitigate for any inbound supply problems.		

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	Cocoa prices have risen sharply in 2024 due to a combination of reduced global supply and climate-related challenges. The primary factors include lower production in West Africa which produce 70% of the world's cocoa. Climate disruptions caused by El Niño, and crop diseases have led to lower yields. As a result, global cocoa supply has fallen by 11% which has impacted supply and demand. Combined with record cream and butter prices, vennoiserie and other bakery products have spiked in recent months.		
Milk & Bread Labour costs continue to increase, the real challenge is getting HGV drivers as there is a great demand for them now as they are in short supply. Rising Employer National Insurance Contributions will also cause an increase to our staff costs and that of all our suppliers. Those with bakeries report sporadic, short term staff absence but nothing significant that would affect their production capabilities. Vacancies are still hard to fill especially for night shift bakery jobs.	**Milk & Bread** Suppliers try and ensure they are holding good stocks on all ranges to mitigate for any inbound supply problems. Supplies have been stable in the last quarter except for butter which has been in very short supply. Although suppliers have maintained availability the cost has increased significantly. With bread, higher costs for raw materials and finished goods in the bread supply chain means that suppliers must make the commercial decision whether they can	**Milk & Bread** Sustainability remains a big area of focus at present, but this does come with a cost to the business as well. According to a very recent survey of 700 members conducted by the National Farmers Union (NFU), 15% said they are thinking about stopping milk production, while a further 7% said they plan to quit completely by the end of 2024.	**Milk & Bread** The dairy markets have been on the rise since the summer as processors pay a higher price for milk to ensure supply availability and to help farmers with rising costs. This has particularly affected cream & butter with the back end of this year seeing record cream and butter prices, with cream rising to £3147 per ton in September and butter reaching £6730. Milk has continued to climb in the second half of the year with farm gate now sitting above 42ppl, with Arla even rising to 45.7ppl for November. With rising costs

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	absorb the increases or look for alternative products. In November, the first case of bird flu was confirmed since February which impacted the cost of eggs by as much as 7%. Pricing has remained steady and low since the egg crisis of winter 2022/2023. Insurance premiums and vehicle costs also took a big jump forward this year, driving higher prices.		for suppliers continuing it looks like prices will be under pressure to increase in 2025.
	Catering Light & Heavy Equipment: **Aluminium:** Aluminium prices rose continuously for the first 5 months of 2024. Key factors have been lessened supply, sanctions on Russian aluminium, and increased demand from China. Prices are expected to continue on an upward trend for at least the next 5 years. Aluminium, alongside copper, steel, zinc, and nickel, is highly sensitive to changes in economic activity due to its extensive use in industrial applications and construction.		
	Hot Beverages: Coffee - Price increases due to uncertainty in supply. This is alongside continuing shipping issues and the continuing rise in demand. Suppliers have reported up to 30% increase in the price of green beans.		.

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	Tea – Short term supply shortages on Black Tea due to Red Sea disruptions as a result of attacks on freighters. Shipments have been re-directed taking 10-14 days longer and at an increased cost. Suppliers report Cocoa pricing is up 32% since November last year and is expected to rise further. 40% reduction export from the Ivory Coast due to weather and the spread of brown rot fungal disease Suppliers report Sugar pricing up 22% since mid-August to October this year.		
	Cleaning & Janitorial Products: Availability is increasing but delays and increased pricing is still possible. The Supply Chain has stabilised for the majority of Janitorial supplies, in particular, gloves and bin bags are much more readily available at a much more competitive price than last year. There have been gradual improvements in congestion at major ports, but delays remain, especially on imports from Asia. Use of regional ports is being utilized to bypass bottlenecks at larger, high traffic locations.	**Cleaning & Janitorial Products:** Regulations play a significant role in the UK cleaning product supply industry. Compliance with strict safety and environmental regulations ensures that the products meet quality standards and do not pose any undue risk to users. The introduction of CLP labelling, changes to the Biocidal Product Regulations (BPR) and the introduction of Eco-Label products, all make for a safer and sustainable future for the cleaning sector.	**Cleaning & Janitorial Products:** It is worth noting that some of the increases which we have seen have been manufacturer's '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. The market is seeing increased interest in domestic suppliers to avoid higher shipping costs and delays associated with internation imports. However, some raw materials and speciality products are still

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	Coming up to Chinese New Year, which effects traffic through ports and freight every year.	One of the prominent trends in the UK cleaning product supply industry is the increasing demand for eco-friendly and sustainable cleaning solutions. Biodegradable ingredients, refillable packaging, and reduced chemical content have become sought-after features along with independent verification for the avoidance of "green washing." CHSA (Cleaning and Hygiene Suppliers Association) have an accreditation scheme for distributors and manufacturers This is one suggested method to guarantee quality, size etc, as some labelling and descriptions can be misleading. The CHSA ensures transparency during their regular audit process. Many consumers are transitioning to FSC-certified paper towels and toilet tissue to reduce environmental impact.	heavily reliant on international suppliers/imports.
Construction: Contractor labour shortages continue in key areas such as : Senior project managers Welders Roof Installers	**Construction:** The collapse of ISG and its related ancillary companies along with the administration and liquidation of other main contractors continues to impact the sub-contractor	**Construction:** Construction output will be limited, as planning delays continue to blight schemes due to lack of planning resources and poor direction. As a result, developments are taking longer to get to site. These are	**Construction:** In the last 12 months, input costs, such as raw materials and energy costs, have remained flat or have fallen, assisted by weak global and domestic demand. As a

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Cladding Installers Steel fixers Joiners / Dry wallers Electricians Labourers Labour remains a critical issue, with an ageing workforce and skills shortages across all disciplines, encompassing white, blue and green collar workers. The Construction Industry Training Board (CITB) predicts that an extra 251,000 workers will be needed by 2028 to meet expected levels of output, reversing the past five years' trend of a net decrease in the industry's workforce. The change in working practices to 4 day weeks, reduced desire for overtime and unwillingness to travel is also having an impact. Apprenticeships are not managing to fill the gaps either with over 31,000 apprentices starting each year over the past five years, but 40% of them dropping out over concerns of the quality of training and tight schedule demands.	market, mainly tier 2 and specialist contractors, with a number not surviving. Insolvencies in the construction sector reached 4310 in the 12 months leading up to September 2024. A 1.1% rise on the previous 12 month period. Specialist installers are currently accounting for over 60% of construction administrations. Inflation in M&E relates subcontractor provision has been recorded at 7% over the last quarter which is the highest in the industry. This is accounting for significant increases to project costs with the average tendering package rising 2.5% from the previous quarter overall. Cuts in interest rates are expected to increase work in the construction sector which may impact on timescales of projects, as has delays in planning. Sub-Contractors feedback of significant issues accessing required levels of insurance due to industry credit levels. Availability of performance bonds and insurance for retrofits and cladding projects are driving selection and cost issues.	issues that the government intends to address. The procurement of more planning resources will take time, and other supply chain constraints such as labour shortages and a reduction in suitable contractors will limit the total increase in construction output. The latest version of the Common Assessment Standard was launched by Build UK at the start of July. This includes a specific section now on Building Safety following the revisions to the Building Safety Act which went live earlier this year. UKUPC will be running a free webinar for members on Martyn's Law and Building Safety Act in Jan 2025 so look out for more information on booking.	result, finished goods and manufacturers' domestic prices have been held down. Impacts from conflicts and the Red Sea shipping disruption have been limited to date; however, political volatility is increasing and disruption could yet lead to raised costs and delays. Labour costs remain the consistent rising factor along with risks being priced in to tenders. Delays in Client decisions making is also considered to have a cost impact. The use of offsite manufacture, where appropriate, is seen as a mitigation against some of these factors to reduce costs. The reduction in the Bank of England's base interest has been slower than initially forecast and it currently sits at 4.75% with the next decision to be announced on 19th December 2024.. Atkins Réalis's latest Tender price index, published in Q4 as below, shows a slight increase in predicted tender costs for the UK. 2024 — 2.25% 2025 — 3.00%

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<th><u>Labour</u> (costs, shortage, abundance)</th>
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<td><table><tr><td>2026</td><td>3.50%</td></tr><tr><td>2027</td><td>3.50%</td></tr></table>
This is one firm’s view and others may be more conservative in setting budgets.

The S&P Global UK Construction PMI registered as 54.3 in October 2024, down from 57.2 in September. However, the index was above the crucial 50.0 no-change threshold for the eighth month running. The latest reading was also well above the average seen in the first half of 2024 (51.4) and signalled a solid expansion of total industry activity. When looking at the different categories of construction both Civil Engineering and Commercial work experienced increases in output whilst the House building market experienced a slight downturn with an index score of 49.4.</td>
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<td>Consultancy Services:
Increases in demand (see Supply Chain) resulted in recruitment and retention issues for a number of areas but these are now minimal.</td>
<td>Consultancy Services:
Market Engagement and Contractor capability/capacity assessments via Framework Agreements are recommended to gain feedback and understanding of current market activity levels and existing or future capacity. This</td>
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<td>Consultancy Services:
Current pricing for most Frameworks, through capping of rates continues to provide some stability.
Preferential pricing should be sought for any call-off contracts, especially term-based contracts. Early engagement of</td>
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	will enable appropriate deadlines for completion of tenders / RFQs and project timescales to be set therefore maximising potential returns, choice of contractor and project success factors.		consultants will help secure preferential rates and the best consultants available.
	Timber & Building Supplies: The EU sanctions banning the import of all timber products from Russia and Belarus have stabilised with the UK now using alternative birch ply suppliers found across Europe, which is producing exactly the same grades as their Russian counterparts at a competitive price point. UK forest product markets have declined following reduced demand since 2022. The fall in demand was particularly noticeable in construction. This fall in demand from construction had, at least partly, been driven by increasing prices and changes in exchange rates. However, the exchange rate for the Pound Sterling has slightly strengthened in 2024 and prices have slightly reduced in the past year. M&E Contractors report in Framework Review Meetings that supply chains are relatively stable but some products have increased lead times still. Specifically Ground Source Heat Pumps, Air Heat		**Timber & Building Supplies:** Higher Energy and Carbon costs continue to impact any heat formed or forged products, including bricks, cement, plasterboard, etc. Construction materials price changes in the 12 months to August 2024: **Increases** – Pipes & Fittings +17.4% Precast concrete: blocks, bricks, tiles and flagstones +4.9% Gravel, sand, clays and kaolin – exc aggregate levy +4.4% **Decreases** – Concrete reinforcing bars (steel) -4.3% Fabricated structural steel -7.3%

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	Pumps and some electric switches for specific brands of alarms and lifts.		Gravel, sand, clays and kaolin – incl. aggregate levy -10.8%
	Soft FM Security: Although recruitment issues have improved, staff retention remains an issue partly due to the lower pay offered in this service area and the increase of costs of living and additional training/license costs which are forcing staff to consider other roles or rethink career opportunities.	**Soft FM Security:** A new professional security operative apprenticeship scheme was announced by the government as a route for those wanting to join the private security industry and for those already in employment wishing to progress. The apprenticeship will provide training in core skills as well as allow employees to choose a specialism such as: • Operational Security Operative • Cash and Valuables in Transit • Mobile Security Patrol • Security Control Rom Operative	**Soft FM Security:** One of the major factors which impacts on pricing is the annual increases in the minimum wage and living wage as many institutions request contractors to support these as part of any call-off contracts and therefore rates can increase annually to reflect any changes to the National Living Wage (minimum wage) and Scottish Living Wage (as set by the Living Wage Foundation). Additional impact will arise from changes to thresholds and values for employer contributions following the recent UK Government's budget.
	PPE, Work & Sports Wear: Reduction in production of certain materials in the Asian market have now been lifted, however, there may still be extended lead times being quoted for some products. Lead times are starting to show an improvement to pre covid times having		**PPE:** Although pricing seems to have stabilised slightly, increases affecting pricing are due to several factors are continuing to have an influence on prices around the world. Primarily: • Fluctuation in the value of the British Pound against some currencies

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	gone through a period of stabilisation. Shipping and raw material costs have also shown a trend downwards in recent quarters which has overall helped the wider picture for the supply and demand of PPE, Clothing and Uniforms, but this element still remains above pre pandemic levels.		•Utilities, labour, and warehouse rent costs •Industry specific related increases caused by the introduction of the UKCA safety standard, PPE Regulation and the new Safety Footwear Standard EN ISO 20345:2022.
Furniture: Whilst inflation is starting to decrease, the cost for labour is not decreasing in-line with this, and as such, suppliers expect labour costs to remain at these inflated levels for the foreseeable future. This will be accentuated by the recent changes NI thresholds and percentage levels for Employer NI contributions.	**Furniture:** Clients in most sectors of the UK economy, including Universities are updating their workspaces to facilitate agile working methods and a number of furniture suppliers have designed new products which provide solutions to help them to achieve this. In tandem with this, the trends are now for agile and collaborative workspaces as well as 'spaces for concentration' The supply chain has been fairly steady with raw materials generally available. Suppliers report they have not suffered any shortages, they try to buy components 6 months in advance and keep a stock of products to ensure they can meet lead times. Third-party suppliers have not had any problems with shortages of material or components	**Furniture:** There have been minimal delays related to checks and documentation requirements on goods imported to the UK post Brexit. This may change once the UK's 'Border Target Operating Model' moves to their next phase in October 2024. Legislation that came in to force regarding the Waste Upholstered Domestic Seating (WUDS) in Scotland has not appeared to have impacted circular economy opportunities.	**Furniture:** Core product pricing on the new APUC Framework Agreement will be held for a minimum of 12 months. Pricing of non-core items may be more variable. Suppliers report Brexit is hurting the industry with lots of red tape and added cost. A lot of the industry have turned to purchasing from UK based suppliers for components, where feasible. This has had some cost impact and some of the smaller components still need to come from China or mainland Europe. With institutions facing significant budget impacts the savings to be made in refurbishing existing products or purchasing pre-owned and refurbished products offer a real opportunity that will also reduce carbon impact.

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			Both the APUC and NEUPC Sustainable Furniture Frameworks offer a range of opportunities in this area. In general, sales/projects across the sector have seen a noticeable downturn following summer. Remains to be seen whether this is longer term due to University budget constraints
	Vehicles: Production levels have recovered and there is widespread availability for most vehicles, with many manufacturers now expanding the range of hybrid and electric models available. However, some vehicle parts are still subject to restricted availability restrictions and longer lead-times for more customised commercial and domestic vehicles are being quoted by comparison. For the short-term hire industry, providers who experienced issues in supply are now rebuilding stock levels however some of these will not return to pre-covid levels as some contractors have reduced the number of outlets and coverage due to drops in demand. The advice remains to try to give as much	**Vehicles:** Low Emission Zones were introduced across Aberdeen, Dundee, Edinburgh and Glasgow on 31st May 2022 and local grace periods were in place across these cities however these came to an end on 1st June 2024 and enforcement of LEZ is now ongoing. 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.	**Vehicles:** The price for used vehicles continue to drop , however, some models and variants of vehicles still carry a premium beyond normal market levels. Lease costs remain much higher on used vehicles compared to new in some examples this can be circa 4% for a new vehicle and upwards of 11% for a used vehicle. Recent drops in bank of England interest rate may assist in some reduction in costs. Car rental and leasing services are likely to digitalise more services to improve customer service and booking services to maintain market share.

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	notice as possible of any hiring requirements to ensure availability of the required vehicles.		More and more rental companies are bringing in QuickStart keyless technology to allow customers to unlock their vehicles using their phones, allowing for a more streamlined service.
	Plumbing Continuing a trend seen in the past few years, companies will shift towards buying ultra-low emission and electric vehicles due to rising environmental awareness and consumer preference for eco-friendly vehicles, as well as more concrete steps by the government to incentivise the use of these vehicles.		**Plumbing** Pricing has been stable due the stabilising of the pricing of raw materials such a copper and iron ore. The frequency of pricing review opportunities on the Framework Agreement has been reduced to secure longer termed fixed pricing.
	Energy: The energy price rally that began in spring has continued all summer and into autumn, and volatility has been high throughout. Geopolitical tensions in the Middle East, and Ukraine, with the risk of an unscheduled early stop to flows of Russian gas across the country have fuelled sustained buying. The pipeline is due to cease flows at the end of December, and so any impact now is likely to be limited.	**Energy:** Regulatory methodology and high energy prices are impacting the non-commodity element of UK energy delivered prices. Mitigation: TEC continue to challenge regulatory bodies and work closely with supplier regulatory departments to influence positive outcomes where possible.	**Energy:** Global and, in particular, European and UK Futures energy markets have been rising again since the spring, although that trend had stalled in the summer, it has started again in recent weeks. Futures prices are still relatively high in historic terms, and likely to remain so until at least 2025 with some market commentators suggesting power averaging above £80/MWh for the rest of the decade. New LNG projects are set to

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	However, an early cold spell, and the period of poor wind/solar generation across Northern Europe in the last couple of weeks have added more bullish sentiment. Long-range storage has begun to draw, perhaps slightly earlier than expected. Reported Asian demand for LNG cargoes is weak, deterred by high prices. The Price of gas in Europe is now high enough to attract spot cargoes, and in some cases divert cargos already en route to China. This may limit further upside to prices, although a supple side issue is always in the back of the mind. Gas-in-store is still relatively plentiful for the time of year, but it needs to be, and the early draw is noteworthy. Fundamentally the gas market is likely to be adequately supplied if winter weather is at or above seasonal norms (which is forecast). An early cold snap always causes jitters, and the entry to the market of a large number of financial traders is also adding to price volatility.		come on in 2025 which should give some relief on prices, although the risk that they are delayed will mean any sell off in price may not come soon. Balancing services for electricity had been increasing as low levels of renewable generation last year has meant 'firming' services involve more financial risk and providers have exited the market. This trend may also have stalled, as wholesale prices have fallen. Still, some of the cost increases have been significant, particularly where they are linked to future energy prices. Renewable Energy Guarantees of Origin (REGO), the certification for 'green' energy, pricing has increased dramatically due to UK suppliers no longer being able to utilise European Guarantees of Origin for their 'green tariffs' from April 2023. There have been no auctions on e-Power auction for CP23 (April 24 to March 25) REGOs, supplier pricing sits above £10 and could get pushed higher if demand persists. Looking at public sector promises/pledges this indicates the sector could be a significant buyer and driving

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			price up and availability down. Perhaps move away from these and utilise the 'saving' to further invest in energy efficiency.
	Postal Services / Mail Services: Royal Mail have withdrawn from the UKUPC Postal Services Framework Agreement. Scottish Institutions can still access their services via the Scottish procurement Cat A Postal Services Framework Agreement which is due to expire on 30th June 2025 and preparations are now in place to re-tender for the new Framework Agreement that will commence 1st July 2025.		**Postal Services / Mail Services:**
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. To mitigate against the reliability and reproducibility risks that manual intervention often brings, mistakes can be reduced via data analysis automation, which is a natural result of using AI	Consumable suppliers continue to hold increased stock levels with supply chains for bottleneck items such as consumables 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. Instability due to conflict and geopolitical issues in the Red Sea and the wider Middle	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 Members should be mindful that from 2026 onwards some grant funding bodies	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. Increased cost of exhibitions and marketing events are making suppliers more selective as to which events to attend.

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correctly and responsibly. With regards to job security, experts predict that the types of roles who – in the future - may likely be at risk can include data entry clerks, lab technicians and assistants. Tasks involving specialised sample handling, complex protocols, intuition-driven activities, final decision-making, and oversight will continue to require human specialists, at least in the medium term. Creative endeavours and abstract reasoning will similarly rely on human ingenuity, though automation will provide additional support.	East has seen fluctuations in the world container index in the past year but prices have been falling since mid-July and are viewed as remaining stable for the time being. Although congestions at ports remains an issue in the UK and Europe, investment is being made in systems and procedures to manage traffic in the long term. In terms of the semi-conductor supply chain, there are fewer material shortages as the industry has beginning to improve resilience through geographic diversification. The EU Chips Bill ring fences investment in semiconductor manufacture in the EU and associated countries. The market will continue to see de-globalisation over the coming years as there is a push to decrease reliance on manufacture in the Far East. Pressure on raw material prices particularly for consumable products such as laboratory plastics was being affected by the volatility in the oil prices due to geopolitical issues.	shall begin to mandate that laboratories must have the minimum level of accreditation from LEAF or My Green Lab to support sustainability objectives within the sector.	Sustainability is high on the agenda at contract management meetings, but sales continue to focus on lower price (and usually less sustainable) options. Suppliers are starting to see more university Sustainability staff join meetings that hitherto were only for procurement and technical stakeholders.

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	Raw materials prices have been relatively stable this year with the prediction that these will come down further next year. In terms of Laboratory Chemicals and Consumables, prices have overall remained stable for 2024. Some suppliers are however indicating that fixing pricing for consumable items is difficult due to oil price fluctuations. Pricing for steel and stainless steel was relatively stable in the first half of 2024 but low demand driven by economic conditions, geopolitical uncertainty and the global electoral cycle has added to market unpredictability. While stability in pricing has remained in the second half of the year, the over market outlook remains uncertain and complex. 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. Some are also offering assistance to institutions to reduce the use of single use plastics, increase the use of green chemicals and provide recycling for items that are		

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	uncommon to dispose of through normal waste streams. 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. Aside from pipette tips, some institutions are looking at other common lab components to recycle, such as centrifuge tubes, which offer high recycling potential due to the high volumes required by the sector. The global industrial gases market is forecasted to grow by over 7% until 2032 and this increased demand will likely drive price increases. 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		

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	pricing review period for Lab Gases is due to begin soon with suppliers preparing their data to support these conversations. BOC have confirmed that due to time constraints their side new pricing will be implemented from February 2025 at the earliest. Staff in our sector are looking at implementing systems that monitor the use of laboratory inputs such as gases, water, chemicals and consumables. These are software applications that can automatically extract and analyse data from instrument logs to provide procurement teams with real-time insights into how and when equipment and consumables are being used in the lab. Existing technologies and solutions are also being enhanced with artificial intelligence, which is developing at high speed and will likely play an increasingly important role in data analysis and interpretation for procurement planning. Electronic component suppliers report that the semi-conductor market is now stabilising. There had been rumours of shortages to come, but thankfully this has		

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	not materialised resulting in some pricing stability. Across the board electronics suppliers have seen a slight slump in the market with service level distributors down on the previous year by double digits. No specific areas have seen a surge, but it shall be interesting to see what impact the advances in AI have on the development board market.		
Professional Services ***Includes:*** *Travel, Legal, Recruitment, Insurance, Printing, Audit, Occupational Health, Carbon Offsetting*			
Travel: 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. This can however lead to frustrations for more complex requirements that are nuanced and require discussion	**Travel:** The main supply chain disruptions are caused by airports and rail strikes, which are impacting on flights and train journeys cancellations not only in the UK, but also across whole of Europe.	**Travel:** Sustainable initiatives will impact on price increases in all supply chains which will on a plus side contribute to the sectors ambition on carbon neutral targets. Sustainability issues remain high profile but behaviour changes at root cause are slow to impact given budget control remains with the stakeholders who dictate method and class of travel in majority of instances due to lack of specific Travel Policies in member institutions. As businesses increase focus on sustainability, travel programmes are featuring greater visibility at the point of sale of carbon footprints and greener	**Travel:** Although TMCs clients face higher fares, it is observed that their travel costs are not increasing as much. This is because of successful implementation of corporate travel policies and subsequently - behavioural change. Policy changes are likely to have direct impact on universities financial standing and therefore decreased travel budget, particularly international travel.

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		travel options. This is a benefit to increased availability of data and reporting but behaviour must change at grass roots and this is an area of vulnerability with stakeholders who hold budgets/ research grants. The European Travel Information and Authorisation Scheme (Etias) was due to be introduced in November 2023, but has been postponed to 2025. When it launches, UK passport-holders will need a visa-waiver to visit any countries in Europe's passport-free zone, the Schengen Area. Holidaymakers will need to apply online and pay a fee of €7 (around £6) before travelling. The authorisation is expected to be valid for three years, or until the passport expires.	
Legal: Legal services continue to develop the use of AI (Artificial Intelligence). Dedicated AI for legal work was once only 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. And several systems are available online for anyone to		**Legal:** Work for impacted UKUPC members linked to the new legislation to provide new PA23 Framework documents including ITT and related Terms and Conditions is ongoing with Brodies LLP following a mini competition under the national Legal Framework.	

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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.		Worker Protection (Amendment of Equality Act 2010) Act 2023 ("the Act") came into force on 26 October 2024. The Act requires employers to take reasonable steps to prevent their staff from being sexually harassed during the course of their employment. Failure to do so could result in an Employment Tribunal imposing a 25% uplift to a claimant's compensation for sexual harassment. In the event of a claim reaching the Tribunal, employers will need to provide evidence that they have been proactive in preventing sexual harassment in the workplace, in other words, that they have met the requirement of taking "reasonable steps". Such steps would include things such as tailoring their equal opportunities, harassment and bullying policies (or putting in place these policies if they do not yet exist), adding a specific policy for sexual harassment, and offering regular training on harassment within the workplace to the entire workforce.	
Recruitment: After a period of weakness, the labour market appears to be stabilising but there are questions around the accuracy of the	**Recruitment:** Wage growth has slowed and will continue to slow down due to lower inflation, the availability of workers and rising unemployment. Whilst its slowed, it is	**Recruitment:** Results of General Election 2024 and the new Labour Government are likely to have significant impact on Higher Education sector.	**Recruitment:** The costs of recruiting will continue to be high due to the lack of availability of candidates.

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labour market data due to a low response rate to the Labour Force Survey. Looking at broader measures of the labour market, it seems like the demand for labour is picking up again. The official measure of employment rose by 265,000 in the three months to July, the third consecutive increase. What's more, survey measures are trending up and redundancy notifications are down on last year. Additionally, the number of firms reporting recruitment difficulties has continued to ease. Results of General Election 2024 and the new Labour Government are likely to have significant impact on Higher Education sector. See section 'Regulatory' for details.	still sitting at a high level due to high levels of inactivity and the competition for a more limited pool of workers. Strong public sector pay deals will put some upward pressure on headline wage growth, although the impact on total pay will be limited.	Policy changes in the following areas will have direct impact on recruitment services: - immigration policies affecting international staff - immigration policies affecting international students - increases in cost of teachers' pension scheme will impact options provided to new starters.	Commission rates remain stable Policy changes are likely to have a direct impact on universities financial standing and therefore decreased recruitment as well as rationalisation of human resources.
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.	**Insurance:** The market has stabilised slightly with providers being clearer about their ability and capacity to service particular areas. Some organisations may struggle with supply depending on risk profile and may find that they have to split their cover across several insurers to cover risks. There has been some competition for well-managed risks and a new team within the	**Insurance:** Higher scrutiny of claims and information required by underwriters. Insurers may be more assertive in policy term extensions, coverage and limits. 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	**Insurance:** 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. 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.

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	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. 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.	scenario testing. Strong Business Continuity Plans that demonstrate embedded risk management from senior level to all the way down, is increasingly important.	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:

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			Rising prices arising from increased reinsurance costs, high claims, and prevailing risks which include climate change**.**
Printing: The printing 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. Volumes for traditional print methods remain on the decline along with printed media, which has seen reduction in labour and capacity in recent years. Demand in digital media remains popular with shorter print runs and more need for personalised products.	**Printing:** A continuation in the change in demand as profile of the industry changes. These include changes in working patterns (hybrid working) and sustainability considerations. The ongoing conflict in in Gaza is having a limited impact on logistics through the Suez Canal and Red Sea adding a couple of weeks to shipments coming from the Far east.		**Printing:** 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. Hybrid print options of combining digital and traditional methods are becoming popular, along with advances in A.I. and e-commerce as more people work remotely. The market remains uncertain at this time, with changes in the supply market and reducing capacity for certain aspects of print. Pulp costs are stabilising slightly at the close of 2024. Shipping and freight costs are seeing a little more stability but still considerably higher than 2023 due to hikes in container prices and some disruption to main shipping routes in the Red Sea.

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Audit: A significant shortage of personnel with auditing skills still exists, so suppliers are often committing or allocating staff to projects up to a year in advance. There are even higher demands on personnel with specialist audit skills such as IT audit, data analytics, and cybersecurity with firms experiencing some increased workloads from new auditing standards and the challenges of continuing to adapt to remote working.	**Audit:** The lack of trained resource is limiting capacity at most firms, meaning new clients are difficult to onboard even with reasonable notice. Firms are being very clear about their capacity or opting not to service particular areas or customers. Regulatory changes or high profile issues have also caused increased materiality review and a need for more specialist input required in audits.	**Audit:** Tighter regulations due to high profile corporate failures has had an impact on the extent of audits. The UK's Chartered Institute of Internal Auditors has released the long-awaited update to the Internal Audit Code of Practice. Whilst the Code is intended to complement The IIA's Global Internal Audit Standards, it actually raises the bar in a number of important areas. While the world's internal audit profession is busy ensuring compliance with IIA's new Global Internal Audit Standards that becomes mandatory effective in January 2025, colleagues in the UK and Ireland now have some extra "homework." Those in the financial services, private and third sectors must ensure their practices conform not only to The Global Internal Audit Standards and revised UK Corporate Governance Code, but to the new IIA Code as well. The revised code of practice will be effective from January 2025.	**Audit:** 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.
Occupational Health:	**Occupational Health:**	**Occupational Health:** A Government consultation focuses on	**Occupational Health:**

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The 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 OHP's. The report highlights concerns for the future and calls it a crisis with 64% in industry being over 50, and 50% likely to retire in next 10 years (without adequate replacements).	AI and wearable devices/technologies are being used more to predict trends and identify and measure risks more accurately. There is an increased focus on mental health and wellbeing, preventative care and the ergonomic issues of remote working.	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. Prices still down on this time last year with an upturn since Feb 24. **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.	**Carbon Markets:** 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. 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	

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		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, and provides a framework to monitor and assess the Supplier's decarbonisation performance.	