



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 high with increases being reported. There have been some cases recently of increased discounts being available due to decreasing demand.
- The market for staff is challenging with availability, high salary expectation, increase in subcontractor costs, changes to employer NI.

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 September 2024 indicate no underlying delays or issues to report and this has remained the case for the last few quarters.
- Component pricing is generally stable.
- The Cabinet Office (CO) continues to ramp 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 notices align with their existing system architecture.
- Linked to the central digital platform development planned for all public sector bodies and suppliers, it is positive to confirm that 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

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.
- Negotiations are ongoing with Tribal over proposed cost increases, Unit4 over cloud migrations and other suppliers looking to make special offers to take advantage of the unrest caused by these inflated prices.
- 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.
- 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 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.
- 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 the paper market is stabilising slightly but there remains some uncertainty owing to a lower demand due to changes in hybrid working and reduced office requirements. Stock is readily available from producers across Europe, South America and Asia. Lead-times have been impacted by global events in the Middle East and the need for alternative shipping routes.
- Inflation is slowly reducing, seeing prices become more stable moving into 2025, but there is still some uncertainty due to global impacts, declines in demand and ongoing challenges with costs in mill production and freight distribution.

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. 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 thinkers and SUPC is keeping a watching brief via framework suppliers.
- 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. The new SUPC books/e-books framework will provide transparency around AI developments using a Jisc-developed AI due diligence question set.
- 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 to ensure accreditations meet minimum standards.

- 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:

- 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.
- The Bank of England's interest rate has reduced to 4.75%. The next decision will be published on 19th December.
- Twelve-month CPI inflation sat at 2.3% in October 2024, which is an increase of 0.6% from the September 18 month low but this is still 50% than the CPI 12 months ago. Requested price increases continue to be offset with price reductions for other items where movement in market pricing allows or dictates.
- 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 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 introduced at the end of January 2025 – 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. The most recent figures from 1st November 2024 have shown a decrease in pricing, with Unleaded Petrol now at 134.41 and Diesel at 139.84.
- 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, this will be backed up by the recently awarded circular economy bill and the £70 million funding previously announced will assist with future plans.
- 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. Consultations on the impending legislation are due to begin April 2025 and Contractors have been asked to keep informed of impending changes
- 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.

Catering:

- Alcohol -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.
- Food inflation decreased marginally in October 2024, going to 1.6% - down 0.1% from September 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 (-1.6%).
- The EU implementation of their Entry/Exit System has been postponed indefinitely and a staged approach will now be applied.
- 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 for suppliers continuing it looks like prices will be under pressure to increase in 2025
- 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.
- 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. 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.
- The rain has also negatively impacted the UK's wheat harvest, which is predicted to be down by 22%. This could have an adverse effect on pricing.

Janitorial:

- The market is seeing increased interest in UK domestic suppliers to avoid higher shipping costs and delays associated with international imports. However, some raw materials and speciality products are still heavily reliant on international suppliers/imports
- Availability is increasing but delays and increased pricing 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.
- 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.

- 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.
- 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:

- Input costs, such as raw materials and energy costs, have remained flat or have fallen, assisted by weak global and domestic demand.
- Following a period of continuous price decreases in steel and timber, steel has now stabilised, and prices continue to be lower than earlier in 2024 whilst timber prices have increased and now sit close to a 12 month high.
- 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.
- 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.
- 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.
- Atkins Réalis’s latest Tender price index, published in Q4 show a predicted increase of 0.25 – 0.5% on tender costs.
- 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**
- **UKUPC will be running a free webinar for members on Martyn’s Law and Building Safety Act in Jan 2025.**

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:

- 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.
- 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>. This has not appeared to have impacted circular economy opportunities.

- 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.
- 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, or shorter term while clients were waiting for the outcome of the October Budget announcements

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. Some models and variants of vehicles still carry a premium beyond normal market levels.
- Reductions in the Bank of England Interest rates may help reduce lease costs slightly.

Energy:

- The forward curve has continued to rise markedly over the summer and into autumn, with speculative activity adding to increase concerns around supplies and could weather.
- Lower wholesale prices had stimulated LNG demand in Asia, taking cargoes away from Europe. Prices have now reached a level where this trend could reverse, and are reported to be high enough to deter price sensitive buyers in China and south Asia. Indeed, some cargoes have already been recorded changing destination.
- The French nuclear fleet continues to perform well, although the recent “dunkelflaute” has seriously impinged on renewable output, driving demand in the European power generation sector.
- Winter approaches, and the early cold snap has emboldened bullish sentiment with renewed focus on how Europe will cope in a cold winter without piped Russian gas.
- Early pipeline opening through China may allow for Gazprom to flow 38bcm/year gas to flow to several regions in China which may mean bearish signs for China LNG and we have seen 5 ships change direction to Europe on 19th November 2024.
- 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 price up and availability down. Perhaps move away from these and utilise the ‘saving’ to further invest in energy efficiency.

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 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 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.
- 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.
- 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 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.
- 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
- 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.
- From 2026 onwards some grant funding bodies shall begin to mandate labs must have a minimum level of sustainability accreditation from LEAF or My Green Lab.

Professional Services

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

Travel:

- 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. This can however lead to frustrations for more complex requirements that are nuanced and require discussion
- 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.
- Policy changes are likely to have direct impact on universities financial standing and therefore decreased travel budget, particularly international travel.

Legal:

- 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 confirmed postponement of the original 'go live' date and moved to February 2025 to allow the new Labour government to assess the Act and its impacts along with producing a new procurement policy statement
- 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 to 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.
- 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.
- Worker Protection (Amendment of Equality Act 2010) Act 2023 (“the Act”) comes 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”.

Recruitment:

- After a period of weakness, the labour market appears to be stabilising but there are questions around the accuracy of the 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.
- Commission rates remain stable
- 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 recruitment as well as rationalisation of human resources.
- Increases in cost of TPS will impact pensions options offered to new starters.

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 or hybrid options that combine both – advances in A.I and e-commerce are also taking pace to align with changes in office environment and remote or hybrid working patterns 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:

- 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.

- 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 UK's Chartered Institute of Internal Auditors has released the long-awaited update to the Internal Audit Code of Practice. The revised code of practice will be effective from January 2025.
- 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.