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.

September 2022 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

<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: The shortage of engineers and installers experience in the last couple of years is still ongoing as the war in Ukraine has prolonged the issues caused by the pandemic. Contractors have employed new staff to cope with the increase in projects over the busy summer period and have utilised the small pool of AV subcontractors. Since the pandemic/furlough staff have left the AV industry, in common with some other sectors and the situation has not seen people returning.	**AV:** Chip shortages continue to have an impact on supply of electronic devices such as controllers, touch panels, switchers, display screens, processors and audio processors. Delays due to customs at port as well as the shortage of drivers and vehicles. Demand for product is high due to the extended lead times and the increased installations over summer which is always the busiest period of the year for the Integrators. Estimates vary for when the Chip shortage is likely to improve, with the non-profit World Semiconductor Trade Statistics projecting the global semiconductor market will increase slightly over 16% in 2022 and continue to grow by 5% in 2023, however Chief Executives of Key Manufacturers comment that they see the chip shortage extending into 2024. https://www.techrepublic.com/article/global-chip-shortage-continues/ Products such as controllers and touch panels are now on extended lead times of 26-28 weeks, with display screen which		**AV:** There continue to be to cost increases across the board which apply to logistics, such as container charges and fuel costs plus energy cost increases for which Energy prices are now expected to increase by 50 percent on average in 2022 (https://blogs.worldbank.org/developmenttalk/energy-shock-could-sap-global-growth-years). There are a number of current (general) shipping issues impacting freight costs and shipping delays. Seasonality, a drop in available exports, and inflation's impact on consumer demand are causing decreased ocean pricing – though these remain extremely elevated compared to pre pandemic prices. https://www.freightos.com/freight-resources/coronavirus-updates/ The average UK price of Unleaded has risen from £1.15 in 2020 peaking at £1.91 in June 2022, with average Diesel prices rising from £1.19 to £1.99 litre in the same period, though according to the AA a slight

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	were previously on a next 1-2 day delivery now on a 5-6 weeks lead time. Extended lead times are applicable throughout the product range and are not related to a specific OEM, supplier or products. Work efficiencies available to the supply base can be lost as they cannot always complete the job due to the extended lead time for materials, so need to revisit when the products are delivered. It is strongly recommended that institutions continue to plan ahead as much as is possible for future requirements. The AV supply chain are focussed on working to redesign a suitable environment for the new requirements for hybrid working/learning. AV suppliers report that there is now plenty of work but just a lack of product due to lead times, which in turn impacts on the timelines for jobs.		fall is anticipated, UK and Global fuel costs remain very high. The following article includes both Supply and Demand Side challenges within the Industry. Other increases can be expected relating to the cost of staff and material with demand continuing to outstrip supply. In some case the cost of the material quoted increase has increased by 15% against projects quoted one year ago. The integrators have been reporting that price validity of quotations is becoming challenging, with quotes at the beginning of a mini-competitions being very difficult to hold on award, due to the volatile nature of pricing in distribution.

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Computing: Factory closures and ongoing Covid19 related staffing issues have been reported in several locations including the Far East adding to the existing pressure to meet IT demand.	**Computing:** The IT Hardware market is expected to continue to grow throughout 2022 as companies rearrange due to the impact of covid 19. Lead times for devices have increased due to component shortages including ICs, MLCCs, and LCDs, widely reported as “Chipaggedon”, causing delays in many industries. It is also driven by competing industries including auto and telecoms (e.g. 5G roll-out), Cryptomining and home gaming/entertainment. Logistics costs remain high due to reduced capacity in both the air and on the water.The current wave of COVID 19 that China is experiencing is likely to have a negative impact in the short to medium term, as factory closures are evident. Institutions can shorten lead times by speaking with account managers, being flexible with manufacturers and/or specification and reviewing multiple Framework Agreements to increase options with OEM or resellers. Lead times have eased significantly due to the fall in global demand for laptops and desktop PCs. Some manufacturers are quoting 3-5 weeks, others 6-12. There is stock in the channel.		**Computing:** Price increases were apparent across all manufacturers of IT hardware during the pandemic. The ongoing increase in demand is likely to continue to contribute to price pressure in the supply chain. Industry-wide global demand remains strong and above available supply, which is driven by the hybrid working and hybrid education ‘new normal’. Additional stress is added due to inflationary pressures linked both to the rising costs of energy as well as sanctions on Russia and supply of energy. Weakening of GDP vs USD is affecting costs. Also being further impacted by inflationary pressures caused by high oil prices, combined with introduction of US anti-inflationary legislation is further weakening GBP to USD.

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	Apple resellers are stating that when ordering CTO stock, it may be useful to check if there are any non-standard builds that may be similar in specification held in on hand stock to reduce leadtimes. Supply chain meeting held with PC Tier-One supplier to assess latest situation. OEMs are presently absorbing increased component costs in the main extent. Mainstream business notebooks are on an 18- week lead times minimum with c.26 weeks on certain configs. The constraint around USB-C docking stations remains extremely challenging, current orders are on a 7-month lead-time. Excluding All-in-One (AIO), CTO desktops and for that matter most monitors are between 6 (best case) and 12 (worse case) weeks lead time from order. AIO desktops are closer to 12-24 weeks depending upon the spec. The channel-held stock picture continues to improve albeit, units are at a higher price point than CTO due to higher Windows OS license costs and distributor margins (see right window). The market remains optimistic about the second half of 2022 -		

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	https://www.bloomberg.com/news/articles/2022-02-10/iphone-assembler-hon-hai-says-component-shortages-are-easing and; https://www.fitchratings.com/research/corporate-finance/global-chip-shortage-to-ease-in-2h22-improvement-will-not-be-linear-07-02-2022 Intel has however warned that the semiconductor crisis is expected to last "at least" into 2024 as fresh supply challenges hit the sector How much has the semiconductor shortage cost? - Supply Management (cips.org) Raw materials availability for semi-conductors is being impacted due to the war in Ukraine and retaliatory actions by Russia to ongoing sanctions. Russia accounts for 40% of palladium, 12% platinum and 10% copper. The possibility of German imposed gas rationing would have an impact on production facilities and a knock on effect across Europe. Rationing would favour households at the expense of industry.		

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	https://www.reuters.com/markets/commodities/german-gas-rationing-would-hit-metals-chemicals-hardest-zew-study-2022-07-21/ Significant impact caused by commodity availability including but not limited to copper tin and aluminium. Rising oil pricing having a significant impact on plastic availability. Production impact for European manufacturing facilities eg Germany with reduction in energy availability		
	Software: Broadcom acquisition of VMWare set for completion in 2023. Broadcom have a history in their acquire-and-axe history.		**Software:** Ransomware and costs of investing in cybersecurity becoming increasingly expensive. Knock on effect is that cybersecurity insurance premiums becoming increasingly more expensive.
	IT (& General Supply Chain) The conflict in Ukraine may have particular impact on the supply of neon and hexafluorobutadiene gases that are essential to manufacture semiconductor chips.		

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	The region also products many minerals and metals, such as Aluminium, Copper and Nickel, so there is] potential for a longer-term impact. OEMs and semi-conductor manufacturers tend to have a variety of suppliers and sources, therefore the shortages are not immediately impacting supply. As suppliers add inventory to plan in advance there could be an added cost pressure. https://www.gartner.com/en/articles/how-russia-s-invasion-of-ukraine-could-aggravate-semiconductor-market-dynamics1 Military activity between China and Taiwan had the effect of a blockade and could cause supply chain disruption to a busy shipping route. Shipping Container availability continues to be a problem, fears over Covid Infections continue to affect production in China with Individual Ports being temporarily closed in response to small numbers of case outbreaks. Backlogs are still occurring in many Ports worldwide.		

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	https://edition.cnn.com/2022/05/06/business/china-lockdowns-global-port-chaos-supply-chains-intl-hnk/index.html https://www.hapag-lloyd.com/en/services-information/news/2022/03/mar16-china-covid-update-ports.html There are concerns for Supply Chain Impacts caused by the recent Chinese Military manoeuvres off the Coastal waters of Taiwan. Beijing has announced an end to its current military drills surrounding Taiwan but said further “training and war preparation” would continue. https://www.cips.org/supply-management/news/2022/august/what-does-the-threat-of-war-between-china-and-taiwan-mean-for-procurement/ Computer accessories being hit with supply issues that are becoming increasingly common across all sectors. Suppliers asking to renegotiate agreements to remove contractual supply availability requirements.		

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	Telecoms: Supply chain shortages are affecting the telecoms market for routers and networking equipment. Significant opportunities for equipment manufacturers such as Ericsson and Nokia in Telecoms following Huawei withdrawal from "non-friendly markets". This will also have benefits for smaller niche manufactures such as NEC. Huawei will still be a major player in the global market and are likely to consolidate their position outside of Europe and USA. According to calculations by the Research firm Canalys, during the last quarter 2022, smartphone shipments in mainland China fell by 10% year on year in Q2, with just 67.4 million units shipped. The continued slump in the Chinese domestic smartphone market, the return of Covid lockdowns in key areas and generally increasingly intense competition have been said to be factors. https://www.computerweekly.com/news/252523365/Chinese-manufacturers-woes-drag-back-global-smartphone-shipments		

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	Data Centre - Some materials shortages continue. Suppliers will continue to work with Institutions to manage project delivery. https://www.computerweekly.com/feature/How-can-enterprises-avoid-datacentre-supply-chain-issues-affecting-IT-upgrades https://datacenterfrontier.com/how-data-centers-are-navigating-the-supply-chain-crisis/ 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**: Raw material costs continue to rise. https://www.datacenterdynamics.com/en/analysis/uk-data-center-industry-largely-insulated-from-uk-energy-price-surge-for-now/
	Networking –There are 2-to-3-month lead times on common items. Some material shortages continue. https://www.cisco.com/c/dam/en_us/partners/downloads/semiconductor-supply-constraints.pdf		**Networking** Higher costs brought on by the current semiconductor shortage will continue to affect components, with Campus, routing, switching, and data centre products affected.

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	Wireless AP's appear to be the big problem, again component shortages, plus demand returning at the same time. Cisco may quote 12 month lead times on some models, HPE Aruba not that lengthy but still currently potentially five or six months on some models. Framework providers are not tied to one vendor and are keeping customers up-to date. Supply chain issues continue. https://www.supplychainmovement.com/supply-chain-problems-pose-challenge-for-cisco/		https://www.networkworld.com/article/3628488/chip-shortage-has-networking-vendors-scrambling.html https://www.techtarget.com/searchstorage/feature/How-supply-chain-issues-affect-data-storage-and-what-IT-can-do Cisco report that cost impacts will continue through at least the first half of our fiscal year and potentially into the second half. https://www.solutel.com/en/post/cisco-price-announcement-as-of-january-30-2022/
	Printers and MFDs The challenge on printers and MFD's is similar to the impact in other areas of IT, and other sectors where IT related components are embedded within the products i.e. motor vehicles. Securing stock of printers and MFD's has been and continues to be a challenge. According to an Industry Source, Supply chain for devices is poor at present, for almost all vendors, and is down a shortages of a few key generic		**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, with the increases being high single digits. A recent OEM price increase (Nepa2) has been rejected.

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	components, hence why it is hitting industry wide. Delivery is talked about less as a real issue, as opposed to Manufacturing issues. https://www.soscanhelp.com/blog/solving-copier-supply-problems		
			Office Supplies: Cost increase requests have spiralled as a result of the turmoil in the paper market, noted below. **Paper:** There continues to significant turmoil in the market. Which has resulted in cost increases and shortage of product. 12% of the copy paper consumed in Europe was manufactured Russia/ Ukraine. The ongoing conflict and continuing sanctions have further exacerbated the supply situation. Price is also affected by: 15% of traditional "imports" from South America and Asia are no longer available as increased demand in these territories has resulted in these mills serving their home markets, leading to a higher demand on European based mills.

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			Significant reduction in demand and consumption of paper during the pandemic, has resulted in there being a dramatic drop in the availability of recycled pulp for re-manufacture, leading to increased pricing for virgin material Mills have focused more on producing cardboard owing to the increase in home deliveries coupled with the increased profitability the change of manufacture affords. Additional issues also now abound with fifteen percent of copier paper used in Europe originating from Russia and Ukraine Reduction in HGV Drivers has resulted in higher delivery/carriage costs. Surge in the cost of utilities has resulted in higher manufacturing costs. Traditionally lengthy fixed price deals are now being disregarded, with mills increasing pricing on a “take it or leave it” basis.

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		Library	
	The increase demand for eTextbooks resulting from COVID remains high and is expected to continue as reflected by the 4-6% increase seen by the market in January 2022. No sustainable pricing model has been developed by the market. Supply chain issues with paper are affecting the availability of printed books as well as the publication of new titles. The Belgian academic publisher Brepols postponed 50 of it's planned 350 new titles in 2021 purely because they had nothing to print them on. In addition, the pandemic-necessitated demand for e-books has left a question mark over print books for publishers, who are unsure about committing to large print runs. Many have turned to 'print on demand' services, which are struggling under the demand (and paper issues) so supply times have more than tripled. The impact is particularly felt by institutions who teach in areas such as the Arts, where e-books are less used and less	New VAT regulations are being applied to eResources and institutions will be required to understand how this is applied to deals. Awaiting a decision from the Competition and Markets Authority, who are considering formal investigation of the academic book publishing market following pressure from librarians via the #ebooksos campaign. Sustainability – SUPC is working in the supply chain via Book Industry Communication (a not-for-profit book supply chain organisation) 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.	No sustainable e-textbook pricing model has been developed by the market but the HE sector is developing plans to work directly with publishers, with the Books/e-books/e-textbooks framework agreement tailored to support that. Price issues on Paper affecting printed books. There are many reasons for this including paper companies shutting down plants during lockdown and shifting to box manufacturing due to home delivery increases in the pandemic. Returning to normal paper manufacturing is less profitable, this is causing a shortage in the marketplace. Price issues on Paper likely to be reflected in print book costs and the reduced availability of print books may mean members need to licence more expensive e-books as an alternative. 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

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	appropriate due to issues such as resolution and colour reproduction.		requirement for Open Access publishing (which reduces the size of the commercial market). Current framework agreement pricing mechanisms are not sustainable and create a risk of the agreement becoming unviable so this will need to change for the next SUPC-led agreement (due May 2023)
Library Equipment (Security gates, kiosks, sorters etc)	Much of the product is manufactured in the UK and supply constraints have been kept to a minimum. There was a minor impact due to the chip shortage, however, this has largely been mitigated by additional stock holdings originally put in place to ensure supply was not disrupted by Brexit.		Pricing for components and shipping, like in many other commodity areas, is volatile. There have been suggestions that more regular price reviews may be required on future framework agreements.
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: Many of the previous supply risks remain unresolved. This includes Brexit-related issues, including logistics, due diligence paperwork, new plant health requirements, and the situation with movements to and from Northern Ireland. The chronic shortage of HGV drivers which was exacerbated with many Ukrainian	**General Logistics/Hauliers:** Outward bound checks for goods exported from EU are due to commence in July 2022. The UK Government has announced Import Checks in to the UK will now be delayed until the end of 2023 at the earliest. This has not been agreed with the EU, therefore there is a risk of penalties	**General:** The recent dramatic increases in energy market pricing impacts costs to institutions not only through direct energy use within campuses, but more widely through the cost impact to global supply chains. Updates have been given against energy intensive and other specifically affected commodities and services, but as energy

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	drivers returning home from Northern Europe and Scandinavia has also been hit by cost of living increases making recruitment and retention difficult. Recent strike action at Felixstowe port will likely exacerbate the shortage and related increase in costs of container that affected multiple areas including Fresh Produce, Furniture, Floorcoverings, Plant & Equipment. Unions have advised such activity could escalate over the next four months if a resolution cannot be agreed. Mitigation: Suppliers are holding more stock, but this carries a cost premium and lead-times are being extended for many items. Potential indications of shortages of 'barrier pipe' for use in heating systems are being communicated Shortages are beginning of imported glass **General packaging:** Issues and delays with packaging of food items (e.g., tinned items). Due to the ongoing conflict in Ukraine and with a 35% tariff introduced on plastic, cardboard and tin imported from Russia, shortages in packaging continue to cause issues and have an	being applied, including trade tariffs on some commodities. **General packaging:** Plastic Packaging Tax introduced in April 2022 affects any manufacturer or imports for greater than 10 tonnes of plastic packaging with a recycled content of lower that 30%. It may take some time for the impact of this to materialise.	market prices continue to rise over a protracted period, the impact experienced to and from the wider contracted supply chain will also increase. **General:** Additional costs and delivery delays due to additional certification and administration requirements for goods exported from EU. Shipping costs from the Far East to remain high and shortages of HGV Drivers, lorries and containers have seen the cost per containers rise from $14,000 to $25,000 in some instances. NI costs increased by 1.25% in April 2022 which affected anybody earning more than £9,880 a year. However, from July 2022 the point at which employees start paying NI will increased to £12,570. Combining those two measures means that in the 12 months from April 2022, anyone earning less than about £34,000 will pay less NI than they did last year. Anybody earning more than that will pay more. The Real Living Wage also increased by 4.2% on 1st April 2022, with the next increase being advised in September.

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	influence on price. Aluminium prices are up 60% on last year's pricing.		**General inflationary impact:** The UK is seeing the highest inflationary pressure for 40 years. The 35% tariff introduced on plastic, cardboard and tin imported from Russia is having an effect on the prices of materials for production and packaging sourced from elsewhere. Recruitment issues with full and part-time positions remaining unfilled and agencies unable to guarantee suitable interim staff combined with cost of living pressures are leading to higher wage demands and costs. Continued increases in Bank of England's interest rates, energy pricing, packaging costs and staff wages resulting in more suppliers requesting price revisions. Expect this to continue until the end of 2022 and through to mid 2023. At present, where possible, requested price increases are being offset with price reductions of other items where movement in market pricing allows or dictates.

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<td>Waste: Shortage of HGV drivers due to the impacts of both the pandemic and Brexit exacerbated by EU Nationals not returning to the UK. This has caused driver wages to be increased by 10 – 15%.</td>
<td>Waste: An industry reliant on fuel, the continuing increase in fuel costs has had a big impact with increases now passing 30%.

The COVID-19 pandemic significantly changed the material stream of waste volumes (for example, an increase in the generation of organic waste and packaging waste, especially paper, cardboard, single-use plastic, and WEEE), impacting entire supply chains and production cycles. This has not yet returned to pre-pandemic levels.</td>
<td>Waste: Investment for sustainable tech e.g. electric vehicles in response to working towards net Zero targets has an impact on increasing costs. Whilst there is a delay in rolling this out due to the availability of batteries, aluminium, and semi conductors, lack of supply is also driving increases in the cost of roll out. However, this transition will deliver longer term benefits.</td>
<td>Waste: Removal of some tax breaks for red diesel used to operate recycling machinery leading to an increase in costs particularly affecting the larger national organisations.

Annual landfill tax increase. Legislation will be introduced in Finance Bill 2021-22 to amend section 42(1)(a) and 42(2) to provide for the new rates of Landfill Tax. The rates being amended, and the new rates will be:
<table>
<tr><th>Material sent to landfill</th><th>Rates from 1 April 2021</th><th>Rates from 1 April 2022</th></tr>
<tr><td>Standard rated</td><td>£96.70/ tonne</td><td>£98.60/ tonne</td></tr>
<tr><td>Lower rated</td><td>£3.10/ tonne</td><td>£3.15/ tonne</td></tr>
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https://www.gov.uk/government/publications/landfill-tax-rates-for-2022-to-2023/landfill-tax-rates-for-2022-to-2023</td>
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	Catering: Throughout the last three months, the cost of poultry has increased by over 50%. This is due, in part, to the recent Avian Flu outbreak, global supply issues due to the ongoing situation in Ukraine and labour and logistical issues. Red Tractor Poultry and Halal Chicken is in short supply and continuing to be difficult to source. Throughout the last several months, the cost of salmon has continued to rise by over 50%. Scotland had a lot of Salmon health issues in the last year, which meant that they had to harvest thousands of tons of small Salmon due to poor health. The harvested salmon should still be in the water growing to their optimum size, but they are not available. We are now waiting on Smolts growing to replace these fish, but due to recent cold-water temperatures, they are not yet at a marketable size. As such, the high demand for salmon has driven prices up massively due to the lack of supply. The cost of white fish is also continuing to increase and becoming increasingly difficult to source due to the ongoing conflict in Ukraine, and with a 35% tariff	**Catering:** Dwindling stock of Europe's sunflower and seed oil supplies and the need to find alternative products for this and other shortages means consideration is required for alternative ingredients and associated notification of contents and allergens to comply with the UK food information amendment (Known as Natasha's Law)	**Catering:** Price increases in wheat and flour mean continuing rises in costs for Bakery products. Due to extreme weather, wheat prices are up 20% from this time last year. Oat have also doubled in price in the last 8 months, and, due to a drought in Brazil, coffee has increased 80% and sugar up 48%. Poultry and salmon prices have risen by over 50% - see Supply Chain for details. Poultry and salmon prices have risen by over 50% and a 35% tariff has been confirmed on whitefish from Russia - see Supply Chain for details. Increased demand and product shortages have led to price increases for some fresh Butcher meat products. As Ukraine and Russia account for approximately 70% of Europe's sunflower and seed oil supplies, this is affecting a range of products. Stocks are running low and demand for alternatives including palm and soya oil are continuing to

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	being placed on whitefish from Russia and Belarus from 19th July, prices look set to continue to increase for the next several months. The continuing volatility and resultant rise of energy prices and staff costs, and with Ukrainians accounting for 60% of food pickers labour force, this is also causing major issues and we expect to see prices rising for the next 12-18 months.		increase dramatically. This is driving prices and product availability. Concerns surrounding business stability and milk supply security are being investigated, however, due to soaring energy costs, we expect prices to increase. Food inflation is currently sitting at 10.5% and is expected to continue rising in the short to medium term.
Meat & Poultry. Staffing levels within the poultry sector are still poor meaning availability is also sporadic as manufacturers don't have the manpower to fulfil demand at times.	**Meat & Poultry.** The price of EU beef has been decreasing and remains below the moving average yet factors relating to energy, fuel, labour continue to affect our supply chain for meat & poultry keeping prices high. High shipping costs are expected to limit overall sheep meat imports. Hatcheries have come under pressure as costs for feed, electricity and heating for the incubation period have gone up, and those are being passed on to farms. Overall farming costs have increased due to animal feed doubling, and lower numbers of cattle/sheep are impacting availability. Prices have steadily risen to reflect this.		**Meat & Poultry.** EU lamb prices remain at unprecedented high levels due to low domestic supply against sustained demand. High feed prices may lead to additional slaughtering and lighter slaughter weights which may again impact future availability. Prices are constantly changing with all type of meat and cuts seeing increases. Prices appear to be changing on a weekly basis with many suppliers unable to commit to long term fixed pricing. Despite a marginal recovery in chicken production from Avian Influenza, the average price of EU chicken reached €2058/MT in June, up 1.3% month-on-month and 14.3% year-on-year supported

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	There is an urgent need for extra staff/drivers which are simply at this time not available will lead to further delays across the sector at all levels. Logistics/Labour shortages are still creating serious disruption to the supply chain both in the EU/UK.		by high feed prices. EU domestic demand for chicken is expected to increase in the short term with the reopening of the foodservice sector, thus supporting prices further. The UK simply is very short of poultry and still struggling to satisfy the home market hence the firm and rising prices
Sandwiches. The current pricing pressures on the sandwich industry as a whole are extremely high. We have approved pricing where suppliers have been able to evidence and match their pricing requests with the marketplace.	**Sandwiches** Supply Chain cost increase unfortunately is still going up, ingredients, energy, labour costs etc. To list a few: Sliced Meats 20% Mayonnaise 90% Cheese 28% Plastics 45% Cardboard 12%		**Sandwiches.** There will be an average around 10% price increase on Sandwiches products from September. Price is under periodic review.
Fresh Produce Significantly impacted by food price inflation and is susceptible to the challenges resulting from the current macro-economic environment. Recent extreme weather conditions across Europe this summer have added to transportation, fuel and energy cost rises and labour challenges, putting both financial and environmental pressure on growers. Category contributions to CPI inflation forecast fruit and vegetables to overtake meat and fish, in August, as the	**Fresh Produce:** Further increasing global gas prices continue to impact the cost to grow crops. Fertiliser costs are inflated due to the requirement of gas in their production. Over winter, we typically see an increased need for artificial heat to replicate optimum growing conditions. Many suppliers are suggesting that the forecasted increased costs from energy and fertiliser may mean it is no longer financially feasible to grow crops, which could lead to sourcing produce		Despite a 5 pence per litre reduction in fuel duty in the UK in the Government's March Spring Statement, fuel costs remain significantly high. Typically, as the distance from produce source increases the cost to transport also increases, inflating the overall produce cost.

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highest driver of food and drink inflation in the UK (ONS & IGD estimates).	categories from new suppliers in new European and global growing regions.		
Soft Drink. Definite labour shortage, however, this should not impact too badly on service capabilities. Labour costs in manufacturing have increased following the Covid pandemic, inflationary pressures in EU and UK. Flexible work practises adopted for working at office and home.	**Soft Drink.** Logistics are undoubtedly becoming more expensive in terms of labour/fuel/import costs etc. Shortage of labour within the logistics chain is causing extended lead times and occasionally availability of supply, however with forward planning and increased stockholding this should not be insurmountable. UK sourced supply times reducing, but prices unstable and rising. Costs have rapidly increased this year due to factors such as agency staff rates (due to HGV driver shortage), electricity, steel and increased fuel costs. 2022 may see some suppliers introduce a cost to serve to counteract these increased costs. Raw materials are contracted to mitigate shortages and avoid frequent price changes, however juice commodity prices, packaging and transport costs continue to rise throughout 2022. High energy costs impacting on production costs in Germany and The Netherlands.	**Soft Drink.** Supplier availability issues on some products as a result of: • Fluctuating and unpredictable demand • Weather conditions and animal disease depleting availability of some produce. Extensive staff shortages and lower productivity levels at manufacturing sites accommodating social distancing and Covid-19 working protocols. Customs regulations from EU being fully implemented by HMRC which has slowed down the import process with freight companies. Sustainability remains high on the agenda throughout the supply chain.	**Soft Drink.** Currency fluctuation is somewhat more volatile just now but should settle in time. Import charges have increased and will no doubt filter through to end user pricing at some stage. Suppliers are expecting demand to increase in line with 2019. With the demand currently under this, again may see the implementation of a cost to serve price increase during 2022 in reaction to these demands. Overall demand for soft drinks through dispense systems not yet returned to 2019 levels. Euro/Dollar almost at parity

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	Issues continue with availability of trailers to UK. Longer lead times being applied. Volumes rationed and high prices experienced for new season red fruits. New season volumes of apple in Poland being monitored, prices will be determined in October. FCOJ commodity price holding firm during the summer months.		
Food Waste Recent minimum wage increases have been taken into effect and at this moment in time we are running a recruitment drive.		**Food Waste** As we approach the food waste legislation coming into effect in England in 2023, we are having more conversations about food waste and tipping at the AD. New legislation will be coming into effect next year for any business producing food waste to segregate from general waste for disposal. This will be enforced in a similar fashion we believe to Scotland & Wales	**Food Waste** All pricing has been fixed for the next 3 – 6 months and will be reviewed in September 2022.
Vending Staff and labour remain challenging as we recover from Covid times. We lost a number of workforce through down time in trade, and recruiting has also been a challenge. We have adapted many roles with regards to operating machines to make the duties a little 'easier' with	**Vending** Two words – Very Challenging!! <u>STOCK</u> - We continue to experience 'shorts' on every order we place with suppliers. This can be difficult with machine planograms as although one week products are available, shortly afterwards they are not. It is therefore our main objective to ensure machines are	**Vending** New regulations are on the horizon, for example, calorie labelling regulations. There are numerous different scenarios as to when this is applicable, but we will as always follow our industry body – AVA guidelines.	**Vending** We are currently experiencing massive price increases across virtually all stock we purchase. These have been partially passed on to the end user where appropriate. The month of April resulted in the end of the VAT reduction for our industry too.

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incentive schemes in place to help with earnings.	well stocked and offering a good choice for all customers. As such, we have increased our stock holding across two depots with a cost value of £100,000 bulk buying where best before dates and availability allow. MACHINES – Manufacturers' lead-times have never been as lengthy. Machines that were on 2-3 weeks' delivery can now be up to a 20-week lead-time. We are fortunate to have an in-house workshop where we build and remanufacturer our own equipment. However, lead times from contract award dates are proving to be a challenge in the current climate.	Suppliers are keeping abreast of the single-use plastic ban across Scotland, and the proposed single-use cup levy. Suppliers on the framework are purchasing further in hybrid and electric vehicles when required to help sustainability drive.	This, together with wage increases in April, will mean margins are tighter than ever. Prior to Easter, demand and sales through machines had started to reach pre-pandemic levels. However, as always, we will continue to work as hard as possible for all our clients. Price increases continue to be experienced, month on month. This has resulted in the need to pass on vend price increases in many instances.
Fish & Seafood. 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.	**Fish & Seafood.** A widely reported global displacement of shipping containers is artificially inflating the cost of goods due to severe supply shortages. The price of shipping goods has soared over the past year, but this rise has been even more dramatic over recent months. Difficulties in obtaining the necessary packaging, is causing shortages and price hikes leading to cost increases. The market for salmon has been very volatile this year and the last few months have seen the price of salmon prices		

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	reaching their highest levels since Norway began compiling price data in 2000 – which were thought might fall after Easter. In fact, quite the opposite with prices continuing to rise on the back of increased demand from the USA due to lack of volume from Chile (with fish lost to an algal bloom). To add to this, there has been a higher volume of fish where the quality has been downgraded to "production fish". The production fish mainly goes to the domestic market in Norway rather than exporting to Europe, meaning less fish coming into the UK. Alongside this, Scotland which also farms significant amounts of Salmon - has had less available into the UK market with high demand for exports.		
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** Producers (wineries) are struggling for packaging (glass, cardboard etc) which is causing delay in shipments being ready. Cost of shipping has risen and looks set to continue into 2022 due to shortages of shipping containers which impacts deep sea wines. Short yields/harvest and demand impact price. Entry level wines more heavily affected. Includes: Prosecco; Pino Grigio; Burgandy & Chablis; NZ	**Alcohol** Mandatory to include UK importer on wine labels from 01/10/2022	**Alcohol** Duty rate on wine will see a massive hike in wine prices Spring 2023 if it goes through as it is currently protected at a standard rate of £2.23. Poor harvests across much of mainland Europe in 2021 caused by Spring frosts and hail coupled with increased costs outlined previously caused significant price inflation on wine during 2022.

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	Sauvignon Blanc. Customers will need to be flexible going forward on the wine varieties they buy. Switching to Spanish, Australian or South African wines. Vintage wine volumes announced September 2022. Shipping costs now (2022) x10 more expensive than 2018		
CICS (Catering Innovation Concept Services) 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.	**CICS (Catering Innovation Concept Services)** Importation costs increases due to Brexit, shortages/availability of products expected to continue. Domestically – supply chain is a challenge; more so internationally. Many hauliers lack capacity as drivers move to employers offering higher wages. Challenges over raw materials, import delays, shipping delays. The unprecedented pressures around food inflation remains and forecasts are that prices will increase again in Q4 of this year.		**CICS (Catering Innovation Concept Services)** Costs are increasing across a wide range of drivers. Wage inflation, utilities, supply chain & raw materials all show no sign of softening with the result that prices which have already been increased will rise again before the end of 2022. Demand increased due to shortages across the whole industry.
Milk & Bread Driver availability is continuing to be a challenge and wages have continued to increase in order to retain staff and attract new staff.	**Milk & Bread** Higher milk prices being paid to farmers to ensure their businesses remain sustainable as the costs of production (fertilizer, feed & labour) rise dramatically.	**Milk & Bread** Plastic tax, farmers EU support reducing and consumer focus on sustainability and ability to manage further documentation.	**Milk & Bread** Prices have risen from suppliers in nearly every sector as the effect of rising utility & fuel costs takes hold along with the effects of the Ukraine war on a whole range of

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Warehouse and office staffing is stable but again wages have increased to retain staff. Arla have warned of a chronic shortage of qualified farm workers in the UK. Rising cost of living for our staff is a significant issue as the year goes on. Rising inflation is affecting all our staff and we are having to monitor this so we don't lose them to other higher paid jobs.	Producers of other dairy products such as cream, yogurt, butter & cheese being affected by the rising costs of milk for their production as well as rising utility, fuel, packaging and staff costs. Products containing vegetable oils & sunflower oils are seeing large increases since Ukraine is one of the world's largest producers Milk is still running 3% below last year production and milk will be tight, although available as long as the farmers can produce milk above their costs. Milk and cream availability remains extremely tight in the market place with considerably high spot prices if milk needs to be bought in. The Ukraine crisis is adding to fertilizer, wheat and feed price increases.	The regulatory change in packaging rules resulted in a plastic tax being implemented on 1st April. This increased a polybottle cost by 17%. The decarbonisation targets are challenging but the UK has a strong track record in its ability to tackle such issues. This includes animal welfare and environmental restrictions. Farmers are under new agreements to manage land for sustainability and environmental benefit. There is a UK Defra requirement for methane to be reduced by 30% by 2030. Plastic tax came in April 22but Cotteswold were already achieving the target so further tax levy applied	products but particularly those using oils & wheat. Against this background, the summary for the dairy sector prospects are: - • If UK retailers and caterers want to secure long-term liquid milk supply from supply chain partners that are committed to fulfilling their decarbonisation objectives, then they need to act to ensure that they are providing a fair market return. • It seems unlikely that liquid milk as a retail loss leader in the UK will remain viable
Catering Light & Heavy Equipment Driver shortages are impacting on availability due to not enough drivers to deliver products. It is a jobs market and there is a challenge to fill current positions that are available.	**Catering Light & Heavy Equipment** UK inflation currently at 10.1% (July 2022) & predicted to reach 11% by the end of 2022. Energy, wage, transport, food & raw material increases continue to be the main drivers as demand cannot copy with supply. Although all manufacturing is affected, crockery and glassware is particularly		**Catering Light & Heavy Equipment** Russia is the world's fifth-biggest steel producer, while Ukraine ranks 14th, both combined account for a fifth of EU imports. Market participants believe raw material shortages are unlikely to be resolved in the near term, and potentially

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Overseas Manufacturing still seeing staff shortages due to COVID and causing factory closures.	impacted as energy usage accounts for a higher proportion of production costs. Processed clay, colour and glaze used for ceramics impacted by both higher production costs and reduced availability in the supply chain due to the Russia/Ukraine conflict. Aluminium related products are likely to remain at high prices as parts of the world such as Europe have been hit by high inflation along with high power prices which have increased aluminium production costs and squeezed producers' margins. Several companies across the EU have announced further aluminium production cuts which could further increase prices if demand continues. June saw the Northern Europe steel HRC price decreased by 19.7% m-o-m and 18.2% y-o-y due to weaker demand, which is common during the summer months. However, buying activity should resume in September. According to market sources, high inventories, slow consumption, decreasing prices and squeezed margins have led to steel production curtailment in Europe.		for the rest of 2022, especially as steelmaking infrastructure in Ukraine have been damaged or destroyed.

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	Raw material costs soaring due to lack of availability - wood is now 4x more expensive than pre covid levels, Steel close to doubling vs Oct 2019 and at highest level since 2007. Copper doubled in price vs pre-covid pricing. • Electrical components have been hard to obtain. • Increase in Oil prices effecting Fuel prices and increasing delivery cost • Paper/Card/Plastic raw material shortages • Food Packaging/Cling Film/Foil seeing increases up to 40% • Candles/Tea Lights price increases 50/45% due to Oil price increase Transport and Freight costs have quadrupled this year due to driver and container shortages. Shipping costs have risen by over 300% this year alone. • Delays at UK ports due to shipping containers in the wrong area • Energy costs have risen sharply in the last 4 months – Gas has rising by over 250% in the last 6 months alone and is still not reducing.		

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	Pasta. Poor Durum Wheat harvests across the world continue to impact the yield of pasta. This continued shortage has resulted in suppliers to the foodservice sector refusing to supply until price increases are accepted.		**Pasta.** Recently experienced large price rises increases continue.
Grocery, Frozen and Chilled The framework distributors are still heavily impacted by driver shortages, labour shortages are still an issue due to Covid isolation etc. But there are also still vacancies that are proving difficult to fill.	**Grocery, Frozen and Chilled** Extreme inflation – Global food prices at their highest in over a decade. Suppliers continue to warn of price rises on staples such as bread and pasta, in response to inflation and supply pressures linked to the war in Ukraine. Oils are increasing due to the lack of sunflower oil availability. Some suppliers are limiting the volumes customers can order.	**Grocery, Frozen and Chilled** New import controls which could increase the impact that leaving the EU has had on UK trade volumes have been delayed until the end of 2023 by the UK Government.	**Grocery, Frozen and Chilled** Food inflation has already reached 10% and is predicted to rise higher until at least early 2023.
	Hot Beverages: Coffee - Price increases due to uncertainty in supply. This is alongside continuing shipping issues and the continuing rise in demand. Tea – Black tea has increased due to decreased yields. Herbal tea increased due to additional labour costs as tightening of		

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	EU food safety means hand weeding instead of the previously used herbicides. Packaging increases are also having an effect on the overall price.		
Soft FM Cleaning: Recruitment continues to cause issues due to lack of supply in the market, caused by career changes, COVID and the number of vacancies exceeding unemployment figures. This has caused labour prices to increase significantly Attracting, recruiting and retaining suitable staff in the security industry is incredibly difficult and is likely to get more problematic due to post-Brexit tightening of immigration policy heavily restricting the immigration prospects for Eastern Europeans. **Disposable Chemicals:** Labour shortages elsewhere in the industry are having significant impacts in particular HGV & forklift drivers creating delays in receiving orders Shortages have also added increased labour costs. For companies that already pay the National Living Wage as a	**Cleaning & Janitorial Products** Issues and delays with plastic spray bottles, other containers and disposable paper products due to production shortage. Availability is increasing but delays and increased pricing still possible. Supply Chain has stabilised for some Janitorial supplies, with plastic spray bottles, bin bags and some gloves becoming more readily available. There are still major issues affecting all paper products but availability is stable however, delays still possible, alongside significant price increases. **Disposable Chemicals** Vast majority of product supply has had notable price increases and these increases are likely to continue to be volatile. Mintec reported that in June EU plastic prices across all grades declined during the month, which according to market sources,	**Disposable Chemicals** Sustainability continues to be strong driving force for customers although Covid has seen the demand / focus drop in this area – The pressure to deliver better sustainability will begin to increase again as the pandemic begins to subside. Suppliers are looking to become Carbon Neutral, via off-setting, Iso 14001, Carbon Trust certified, zero to landfill, with plans in place to be carbon neutral, without offsetting, by 2035, however this will raise the cost of business. Regulatory changes for example chemicals that are reclassified etc – suppliers are getting less time to implement the changes (and with lockdowns earlier in the year, less ability to sell through products before changes take place). This leads to products being written-off etc. Suppliers are continuously looking to remove plastics from range of products	**Cleaning & Janitorial Products:** In 2022 we have had an unprecedented number of supplier increases for various reasons such as an increase in fuel and energy. Although things have calmed in the past couple of months, the anticipated rise in energy costs later in the year and ongoing uncertainty due to the war in Ukraine mean that further increases cannot be ruled out. It is worth noting that some of the increases which we have seen have been 'surcharges,' especially on paper products. These are increases which are meant to be short-term while certain high costs are driving up the cost of production, and therefore we expect these increases to eventually be removed. Pricing has become increasingly unstable in this area and suppliers are dealing with weekly price increase. Expecting this volatility to continue until at least the end of 2022.

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minimum, the increase to the NMW impacts their labour costs further. In the coming 12 months suppliers expect the changes in NI rates which come into effect in July 2022 will affect cost prices.	was due to reduced demand and ample supply, with demand destruction continuing from the previous month because of the high price levels. Concerns about reductions in Russian gas supply to the EU, soaring energy costs and logistical disruptions will continue to drive sentiments relating to price directions in the EU plastics market. The 35% tariff introduced on plastic, cardboard and tin imported from Russia is having an effect on the prices of materials for production and packaging sourced from elsewhere. Ongoing cost increases in PET (Polyethylene terephthalate) means that prices on plastic packaging are changing frequently. Recovered paper and pulp rose again in June. Lead times for cartonboard have reduced from 12 weeks to about 8 weeks with some customers building up stocks to secure cartonboard and to avoid paying higher prices in the future. Any increases in natural gas will greatly affect future prices of paper and cartonboard. 30% of caustic soda production cost is natural gas, with huge increases in the cost	and sourcing alternatives. This should reduce the impact of the plastic tax that came into force from April 22.	The cost of shipping/freight has been reported by some suppliers to have stabilised but is yet to begin reducing to pre-pandemic levels The cost of all paper products has increased dramatically and this is expected to continue for the next six months. **Disposable Chemicals** Currency fluctuation hasn't been a major factor for suppliers with UK based supply chain, although suppliers expect inflation will be a cause for a range of cost price increases. Price on paper pulp continues to rise significantly causing significant manufacturer increases of 50%+ on paper products like Toilet Tissue and Hand Towels since the start of January 2022. The introduction of the plastic tax has caused a significant rise in cost for recycled plastic which is yet to stabilise. Changes in NI affected the market from July 2022. Top chemical manufacturers such as Diversey and Ecolabs are applying

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	of gas within Europe the cost of caustic soda related cleaning chemicals are impacted. Crude Oil has been trading at its highest in a decade which is affecting the price of petrochemical feedstocks. Organic and inorganic acids as well as ethanol are crop related commodities and their costs and availability have been impacted by the Ukraine / Russia conflict. There are still a number of shipping issues impacting freight costs and shipping delays. Seasonality, a drop in available exports, and inflation's impact on consumer demand are causing decreased ocean pricing. However, these remain extremely elevated compared to pre pandemic prices. Freight rates dropped 6% to $6,159/FEU in July, this rate is 39% lower than its level a year ago, though still more than 4X the pre-pandemic norm. Heavy Gas prices have major implications in all areas of heavy industry including ceramics, paper, metal and numerous raw materials & components. Supply issues have been vast across a range of suppliers, citing a range of reasons including staff shortage issues,		surcharges to the cost of chemicals on top of price increases reportedly as a response to the increases in energy. They will continue to apply these surcharges as long as the energy indexes continue to increase. Russia is a significant producer and exporter of the key chemical feedstocks (crude oil and gas). Thus, the Russia/Ukraine conflict put further upward pressure on prices due to supply uncertainty because of limited feedstock amid already high input and logistics costs compared to the same period last year. There is strong demand for PET as a sustainable plastic alternative. The paper market is still strained by high demand from ecommerce and food industries, high production costs, and long lead times. Market participants expect further disruption in the logistics and higher input costs.

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	Covid staff misplacements, container shortages and factory closures across Asian markets. Oil prices are up, leading to increases in fuel as well as plastics (already severely hit by shortages due to reduced consumption of petrol / diesel / aviation fuel through the pandemic), chemicals for cleaning products etc. Other factors such as the GBP-USD and EUR-USD are adversely affecting pricing. Supply chain disruption across the board i.e. almost no matter the product/ raw material/ component. Massive increase in shipping costs, road delivery costs. Delays due to driver shortages and busy ports etc. On the whole it's not the products / raw materials themselves that are hard to get – it's the delivery of them.		
Convenience Retail Shortage of Qualified Drivers not helping when Recruited typically taking 3-4 Months to get a new HGV Driver on Board, Higher Costs up 30% on Last Year for Drivers based on current Shortage . From Our Suppliers another reason that they use to push up their Prices Presently.	**Convenience Retail** Raw Materials Expensive -- Currently Dairy Market +35% last 3 Months , Eggs +25% (Bird Flu effecting Hens with some being Culled), Grain , wheat, Oil Pricing massively up with the Ukraine Crisis, which also effects Crisp Pricing with Burts, Walkers, Seabrook's putting 6-12%	**Convenience Retail** Plastic Tax -- Radnor +12% Price increase, Wrapex +8% as a result of this new legislation. Main issue 50% RPET in high demand to move from Cheaper Virgin Plastics which is meaning an expensive cost to buy the bottles which in turn Radnor, Purity, Refresco have all increased	**Convenience Retail** Currency is stabilizing but has been very low in last few quarters, its actually a better picture now than at the end of last year. In general Commodity pricing, Plastic Tax, Energy Costs Globally effecting Prices in the UK.

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Staff shortages due to large online retailer stealing staff, issues with sickness and absence and min wage rises. Lack of skilled haulage drivers as well as wait time on both new drivers and new trucks Increase in contributions will impact the employment of staff as margins are tight. Shortage of trained warehouse operatives impact the day to day running of the company. Payroll demand like all sectors looking at high expectation on Wages, Lack of workforce around due to Brexit, Employee Market presently, which means very difficult to recruit .	increases in since March following 5% increases in January. . Delivery lead times a lot better than Q4 last year and the main issue presently is rising prices rather than Availability. Parts for machinery taking abnormally long to enter country due to Covid and Brexit, cost of freight from far east is 4 times the price of last year, fuel costs in uk, as well as energy rises, particularly on soft drinks which is energy heavy. Imports from Ukraine and Russia a large problem, particularly wheat and sunflower oil. Raw materials are becoming harder for suppliers to get so the shortages in stock lines is having a long term effect. The war in Russia is also having an impact on particular lines which have now been pulled by large companies Milk especially pushing up confectionery Prices, as is Oil shortage on Crisp Product Increased twice this year by over 20%. Plastic demand pushing up 50% Recyclable on drinks prices, as well as demand for Virgin plastic which has had many Suppliers moving prices up in 2022 compounded with Transport and Energy	prices as a result of this, and or have kept the old bottles and passed on the Tax. Plastic Tax as mentioned prices being forced up due to Virgin Plastic increase on Levy, or Suppliers struggling to get 50% Recyclable.	

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	prices to create the perfect storm. Many suppliers already Bringing forward Increases due to Energy, Plastics, from September 2022 likely to see another 8-16% Price Increase.		
Construction: Contractor shortages, originally caused by Brexit and self-isolation due to Covid 19, are continuing. Workload demands were up 6% in Q1 2022, led by activity in the London area. Ground works activity saw the biggest growth up 13% in London and 7% in the Midlands	**Construction:** Shortages of Building Materials (Cement, Plasterboard etc.) along with the availability of Steel and volatile prices continue cause supply issues and affect both completion dates and bidding behaviour. Average lead times have extended by a further 2 weeks for most materials. The use of alternative products from the White Book in design and build is still encouraged. Continued high market demand for Mineral wool / insulation, with Class A1 being specified post Grenfell, pushed lead times from days to weeks and this is not expected to ease before next year.	**Construction:** VAT regulations for Gas Oil use related to construction activities came in to force in April 2022. Removal of Import tariffs on Steel and USA and introduction of sanctions and tariffs on Russian and Belarusian products.	**Construction:** Most construction materials are continuing to feel cost pressures. Steel prices remain volatile, with the average 18% increase experienced in Q1 22 expected to rise by a further 15%-20% by Q1 2023 due to carbon prices and additional demand due to the removal of import tariffs in the USA. Increased demand and rising energy prices continue to effect other materials, with windows costs up by 18% on 2021 prices at the start of this year, and these are predicted to rise by a further 30% by the end of this year. Mineral wool / insulation, costs are similarly affected as are plasterboard and drywalling were predicted to increase a further 18% by the end of the year, but the recent dramatic increase in energy costs could push that further.

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			M & E costs continue to rise due to the increase in minerals and raw materials costs as well as labour charges. Increased demand for groundworks are supporting increases in cost for this area. Timber pricing now recovering after autumn 21 highs (increases of between 40% and 200%) due to better availability. Plasterboard and other drywalling prices rose between 17% and 45% in and are still under threat of further increases or delayed price reductions due to increasing energy costs Steel prices remain volatile, with steel reinforcing having risen by dramatically and further increases expected due to increases in carbon prices and the removal of import tariffs in the USA continuing to push global demand.
Consultancy Services:	**Consultancy Services:** Increased demand and activity across a range of range of consultancy services		**Consultancy Services:** Current pricing for most Frameworks, through capping of rates, remain held at

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Increases in demand (see Supply Chain) has resulted in recruitment and retention issues for a number of discipline areas	(Engineering, Building, Surveying, Renewable Energy, Carbon Assessment and Management) has lead to many contractors having fuller order books and, even with additional recruitment, capacity issues have been experienced for short notice requests or projects with a tight completion timescale. Mitigation: 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 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.		present, but factors including increased fuel and travel costs and cost of living pressures will begin to impact and fixed pricing should be sought for any call-off contracts, especially term based contracts, with appropriate variation in charge clauses included in the call-off.
	Timber & Building Supplies: The EU sanction banning the import of all timber products from Russia and Belarus that came into effect for all contracts from 10th July have had a big impact. Although a relatively small amount of timber is directly imported from these countries, they are major suppliers into		**Timber & Building Supplies:** Movement away from the Russian and Belarusian market is increasing demand from other sources and this continues to support high plywood pricing. Some timber is continuing to rise due to significant challenges on raw material

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	Europe, who in turn, supply the UK and therefore impact is being felt, specifically in the Plywood market. Elsewhere, continued growth in demand for timber amidst a surging housing market in the US, which had seen imports of Russian timber increase each year since 2012, means there is greater competition for timber supply in the restricted global market. There are still shortages in some product areas including Far Eastern Plywood which is experiencing higher demand as some bodies move away from the use of MDF for panelling. Recent weeks have seen improvements in the supply of aircrete blocks and bricks, in part due to a slight fall in demand. Summer maintenance programmes, however, may temporarily reduce production and reverse this trend Indications of shortages beginning on ‘barrier pipe’ for heating systems.		availability, energy usage and most recently haulage constraints. High Energy and Carbon costs will continue to impact any heat formed or forged products, including bricks, cement, plasterboard, etc.

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	Issues are beginning to arise with the import of glass from abroad due to production levels.		
Soft FM Security: There are positive signs in terms of recruitment, the shortage of personnel from traditional sources (armed forces and EU) has led to innovation and changes in the way new colleagues are attracted into the industry.		**Soft FM Security:** The imposition of extra training charges as a condition of license renewal has been resented in some quarters as little progress is perceived to have been made in any improvements in wages and terms and conditions of employment, issues the regulator refuses to get involved in and with no representative body available for the rank-and-file front line operative.	**Soft FM Security:** Pricing of Security Services is expected to be affected by increasing costs of living and additional training/licensing costs.
	PPE, Work & Sports Wear: The previous reduction in production of certain materials in the Asian and Eastern European markets is continuing to cause longer lead times being quoted for some products.		**PPE:** Limitations in the supply of raw materials are affecting pricing, but generally core product prices are being maintained for workwear and Sportswear items
Furniture: Some shortage of labour required for larger installations. This is primarily attributed to post-Brexit working limitations. The labour market continues to attract cost increases due to the reduced availability of skilled staff and the current and projected increase in the cost of living.	**Furniture:** Demand on fabrics has eased slightly, but lead-times for some fabrics and colours remain extended beyond previous norms. The volatility within the Steel industry has forced many suppliers to refresh and extend their supply chain in an attempt to obtain consistent supplies and avoid major price increases.	**Furniture:** Brexit delays at port continues to put pressure on the haulage companies and we have seen a reluctance of European drivers attending the UK due to potential delays at port. The forthcoming strike at Felixstowe will only worsen this situation in Sept 22 onwards. The current import system used by HMRC (The Customs Handling of Import and Export Freight (CHIEF) system) is being	**Furniture:** Core product list pricing is being held, but the pricing of more bespoke items may be affected due to increases in timber, fabric and steel pricing The large increase in fuel prices and other commodities have seen a huge level of price increases across the market, with some manufacturers issuing multiple price increases throughout the year, whereas

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	Mitigation: Communication with suppliers and consideration other finishes or colours if time is of the essence. **Floor coverings:** The announcement of a major yarn manufacturer's removal from the sector continues to have an impact on a number of Forbo Flooring's products as well as distributors and floor covering service providers that use Forbo's products.	withdrawn on Friday 30th September 2022 and will be replaced in full by the Customs Declaration System (CDS) for all import entries on this date.	these would normally be limited to 1 annual price increase. The large uncertainty of the availability of affordable fuel and the general increase in living costs has seen the market reluctant to set prices for any given amount of time. This in turn disrupts the ability to issue cost certainty throughout the life cycle of a project. **Floor coverings:** Carpet and Resilient Flooring Core products list are being held, however the pricing of some vinyl products may be affected due to a major yarn manufacturer's removal from the sector. Potential increases in prices for floor coverings due to shortage of materials (Brexit, covid, energy prices), production and distribution costs have led to an increase in products pricing. **Domestic Furniture & Furnishings:** Core product lists pricing is being held, however some products pricing may still be affected by Brexit and COVID, increases in container costs, and rising energy costs in the manufacture of goods which are

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			causing the final products prices to increase.
	Vehicles: Restrictions in production are still being experienced and considerably longer lead-times for commercial and domestic vehicles are still being quoted. For the short-term hire industry, suppliers are equally feeling the challenges for supply with many having huge volumes on back order with manufacturers to increase their stock, and this has been increased by manufacturers concentrating on the more profitable retail markets. For fleet managers, this will mean difficulties in sourcing vehicles needed at the right time, so the advice remains the same regarding only requesting essential hires and trying to give as much notice as possible. Working with appointed fleet management companies could also potentially provide other options for supply. In terms of vehicle leasing the lease providers are still very much impacted by supply and lead times remain extended with some models now extending into 2023. Lead times are very much		**Vehicles:** Longer delivery timescales may mean that manufacturers are sometimes reluctant to commit to vehicle prices when a quotation is provided, or an order is taken as production costs may increase prior to construction and result in vehicles being sold at a loss to the manufacturer. Manufacturers are opting to build vehicles that attract higher levels of profit with the limited components available. The price for used vehicles has risen dramatically due to increased global demand and this is impacting on the cost of both Hire and Lease vehicles, with many companies under pressure to release vehicles for sale whilst the market is so buoyant, but unable to replace these due to delays in manufacture. Recent increases in the Bank of England base interest rate has also had an impact on lease costs.

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	dependent upon individual manufacturer and model General predictions from the market are that semiconductor supply should improve by mid-2023.		
			Plumbing: Price increases are continuing to be seen across a range of items. This is due to increases in raw material costs of minerals (Copper, Lead, Iron Ore, etc.) and raw material like PVC and other plastics. The frequency of price revision windows for certain items have been increased to avoid the introduction of potential price premiums and enable pricing reductions to be passed on as soon as they occur. This is as well as cost of freight increases that are causing increases to final product prices.
	Energy: European energy prices continue to spiral upwards, greatly affecting supply chain costs across the region. Despite improvements in the level of gas in store, serious concerns remain about winter supplies of both gas and electricity. Short-term supplies of electricity are constrained in France (approximately 50% of the nuclear fleet is on maintenance with uncertain return dates), and dry conditions	**Energy:** The large number of Supplier failure at the end of last year, regulatory methodology and current high energy prices are impacting the non-commodity element of UK gas delivered prices. Mitigation: TEC are challenging the regulatory bodies and are having success in moving meters between class where pricing is less impacted. TEC have issued further challenge on Unidentified Gas	**Energy:** Global and, in particular, European and UK Futures energy markets remain bullish and are not likely to retrace until the supply, storage and geopolitical situation improve and the supply/demand balance normalises. Historical day ahead and bullish futures market pricing have seen prices increase, but with the majority of the sector hedging through flexible procurement models,

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	in Germany raise questions over waterborne coal supplies to inland power stations. Huge uncertainty remains over expected Russian gas pipeline flows. Together these factors have been extraordinarily supportive of prices, and damaging to liquidity in traded markets. Gas demand, and storage injections have been met by increased imports of Liquefied Natural Gas. However, while Europe has been successful until now in outbidding other buyers for spot cargoes, demand in Asian, and so prices, are now increasing. Brent crude oil prices have softened from their highs but remain broadly elevated due to lacklustre commitments from OPEC+ regarding production. The weak economic outlook in China is limiting further support for oil prices. As we move into colder weather, demand will increase, although the level of demand destruction that can be expected is unclear. Mitigation: Those on the TEC and Scottish Government frameworks have significant	(UIG) as the link to future energy prices has created a ridiculous increase to this element of gas non commodity costs.	impact to the sector will be reduced for many compared to the wider market movements, but still significant. The day ahead market remains volatile, and prices have been rising. Futures markets remain extremely bullish, partly on fundamental, and partly on low liquidity and the cost of doing business. The potential further removal of supplies of Russian gas to EU members states this winter is causing extreme concern. The impact of Unidentified Gas UIG charges or SOLR (Supplier of Last resort) claims from energy companies picking up customers from companies that ceased trading has increased non-commodity costs significantly. Balancing services for electricity have also increased as low levels of renewable generation last year has meant ‘firming’ services involve more financial risk and providers have excited the market. Some of the cost increases have been significant, particularly where they are linked to future energy prices.

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	cover through to 2023/24 with good volume secured at early pandemic pricing. Those still needing to contract this year continue to face extremely high prices. Those unhedged should consider closing out now as all analysis points to prices increasing on little or no trading, distressed buyers are setting the price as trading counterparties sit out due to credit line issues **At time of writing (26/08/2022), UK wholesale annual gas starting delivery in October 22 is priced at 653ppt, and electricity is priced at £593/MWh.** The EU has announced the intention to remove reliance on Russian oil from the end of 2022, which would put further demand on other sources. OPEC have announced they do not intend to alter production levels, however, the American markets have increased production and further discussion on North Sea developments continue.		
	Postal Services / Mail Services: Royal Mail collection and delivery services are being affected by a Communication Workers		

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	Union (CWU) industrial action - members who collect, sort and deliver parcels and mail will undertake strike action on 26/08/22, 31/08/22, 08/09/22 and 09/09/22. This is expected to cause significant disruption i.e. delays and reduced service (Royal Mail will not be delivering letters during those days). Collections from Institutions and deliveries will resume the day after strike action finishes.		
STEMED ***Includes:*** *Medical, Laboratory, Veterinary*			
The logistics sector is continuing to report a shortfall in the workforce citing low wages and unattractive working conditions as reasons it is hard to recruit. Worker shortages of 400k are predicted by 2026 if steps are not taken to make the industry more attractive.	Industrial action at the Port of Felixstowe in August 2022 caused disruption to UK supply chains. However, Labs Category consumables suppliers who are most likely to be affected commenting that increased stockholding which has been put in place since Brexit may negate any disruptive effects. However, the increased stockholding particularly for consumables suppliers is helping to reduce lead times but comes at an increased cost which will be passed on to customers.	The effects of Brexit are continuing to be felt in the procurement of certain chemicals and other restricted materials as these can be subject to increasing delays due to additional layers of bureaucracy in the form of increased paperwork. The EU Reach scheme for registering chemicals has been replaced with a UK version known as UK Reach which came into force last year. However, chemical manufacturers are warning of a massive financial and administrative impact in complying with this new system. Complaints of unnecessary re-registering are being heard from the industry and	Labs consumables suppliers are reporting that increased fuel costs are affecting both transport from manufacturing sites to warehouses and from warehouse to customer. Non-framework customers are now subject to pay fuel surcharges in many cases Laboratory equipment suppliers are concerned about raw material costs (particularly minerals and metals) coupled with energy costs associated with manufacturing and transport. Major suppliers are now reviewing discounts being offered from list price on larger equipment pieces with reduced discounts being which affects the overall price.

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	This summer has seen long delay at ports due to staffing issues and increased traffic as COVID rules are relaxed. The supply chain which was previously out of sync in terms of container transport with a continued shortage of shipping containers is now experiencing compounded issues with the conflict between Russia and Ukraine. Freight carriers avoiding the area is causing a backlog of containers throughout the supply chain. This is compounded by the rerouting of air freight to avoid restricted airspace which is causing delays and increasing costs due to longer routes requiring to be used. Ocean Schedule Reliability is reporting average delays of just over 6 days. Overall reliability for 2021 was 36% compared to nearly 66% for the whole of 2020 and it is expected to drop nearer 30% for 2022. Delays in China and at Chinese ports due to the effects of COVID lockdowns. Congestion at Northern Europe ports is still very much in effect. Carriers are changing destination ports from traditional hubs such as Antwerp, Rotterdam,	experienced in the form of delays for users in the sector. Due to additional admin related costs associated with Brexit, some suppliers are consolidating orders for export (e.g. to Northern Ireland) to leverage volumes and improve economies of scale, and avoid passing on increases to customers. Publishing above threshold framework Contract Notices in OJEU and FTS concurrently is still a recommended best practice, to ensure EU funded future call off spend will be compliant, if required by any EU based funding bodies.	Many Labs Consumables suppliers have introduced fuel surcharges on deliveries for non-framework orders. It is expected that this increased pricing will be passed on to framework pricing as price increase windows are met within framework agreements. Suppliers are encouraging customers to consolidate orders as much as possible to reduce pressure on delivery costs and reduce the need to pass this on. A general rise in import costs as well as energy price inflation in European supply chains (inc. UK) continues to be reflected in increased supplier cost pressure and is starting to affect customer pricing, which has been increasing since last year. The demand for Lab Fridges and Freezers continues to increase sharply due to global vaccine manufacture, storage and production needs. Manufacturers are responding with demand inflation price increases, exacerbated by legitimate inputs and raw material costs.

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	Hamburg and re-routing to Zeebrugge, Wilhelmshaven and Amsterdam. Shortages of bunker fuel due to embargoes on Russian oil is also causing issues with shipping Coinciding with Covid-19 outbreaks in China, the war in Ukraine is compounding ongoing supply/ demand pressures for shipping, which have resulted in port congestion, higher freight fees and longer transit times. Airfreight between China and Europe is much reduced China is sticking to its "zero-COVID" policy for the foreseeable future even if this means hindering the economy. This will continue to disrupt supply chains and raw materials supply from the country. Also, potential geo-political unrest in the region is changing Western businesses approach to trading with the region. Taiwan are the world's largest producer of semiconductors and any potential conflict		

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	with China would completely disrupt the supply of electronic chips. Suppliers are less willing/able to fix prices for a year's worth of purchases in some cases. Ongoing concern about volatility in supply chains coupled with inflationary pressures and lack of accurate forecasting visibility means cash savings will be very hard to achieve going forward unless movement to "non-branded" items for bulk use are considered. Pressure on raw material prices particularly for consumable products such as laboratory plastics was being affected by the increased in oil prices due to Russia's war with Ukraine. However, Oil prices which were at over $120 per barrel in June are now down around $90 per barrel at present. However, it will take time for this to cascade down the supply chain and it is still over 40% higher than last years pricing. Raw material prices have increased over the last 18 months and have the potential to increase further due to war in Ukraine. Driven primarily by China, but India and other manufacturing centres are not far		

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	behind. Sharp increases in steel and stainless steel costs are causing acute price increases in steel intensive products such as lab refrigeration, safety cabinets, autoclaves and stainless steel medical and lab furniture. Increasing cost of oil and rising energy prices are having an adverse effect across the board. With Russia producing 12% of the world's oil and 17% of natural gas there has been a massive effect on energy costs compounding an already difficult situation. Smaller suppliers are being outbid for product in the areas where there is scarcity – this could lead to a lessening of SME influence in our supply base and the choice of suppliers for distributors to source products from being reduced The Veterinary pharmaceutical market continues to undergo systemic change. Currently, stock would be secured through a wholesaler, but there are some signs that manufacturers will pursue to a direct model. This may cause issues in transactional efficiency – manufacturers		

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	are less likely to have expertise in interfacing with P2P systems, for example. As a whole, the veterinary pharmaceutical market saw a 36% increase in small animal ownership across the UK resulting in a further 3m pets UK wide during 2020/21. This increased demand in the industry. However, a downward trend of 10% for small animal ownership in 2022 has seen this level out. Key veterinary 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 in short supply. Many of the affected subcategories 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		

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	recycling potential due to the high volumes required by the sector. Significant shortages in the gas market. Co2 is returning to stable levels, but there is a significant shortage of liquid helium and BOC have put this on allocation to prevent panic buying and hoarding. Surcharges on helium are also being implemented by BOC. European production sites rely heavily on components produced in China. Flights to and from Asia to Europe now need to divert around Russian and Ukrainian airspace. This adds four hours additional flight time, increased fuel use and reduced cargo capacity. A substantial proportion of the aircraft on the Asia Europe route were Russian owned and are therefore not currently available, leading to reduced capacity. Global helium and liquid nitrogen supplies have been struggling to keep up with market demands, and some suppliers are continuing to restrict order volumes from		

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	customers and increase pricing. Helium plays a critical role in healthcare and scientific R&D, whilst liquid nitrogen is essential for sample preservation, refrigeration and the maintenance of analytical lab equipment. There is however, potentially good news in that the BLM (Bureau of Land Management) source in the USA is currently in the process of cooling down with a view to being back online in the coming months. Inflationary pressures are continuing to be felt across much of the STEM manufacturer and distributor base with increased utility and input costs. This includes a variety of product areas ranging from animal feed for the goats who produce antibodies, through to glassware, plastics and various other raw materials. Compressed Carbon Dioxide supply appears to be improving resulting in a recent reduction in BOC's surcharge which had been in place for several months.		

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Professional Services ***Includes:*** *Travel, Legal, Consultancy Recruitment, Insurance, Printing*			
Travel: Fall in employment levels due to the effects of the pandemic with slow recovery. 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. The travel industry is far from recovering, however there is significant employment taking place in the travel industry. Hospitality is yet to catch up fully and wages need to increase to fill all the roles available. Airfares are continuing to rise significantly due to fuel costs/shortages and airport costs Significant delays being experienced in some airports due to processing of paperwork and staff shortages Bookings have picked up significantly since the new year. This is having an impact on service levels as Travel Management companies are understaffed, with	**Travel:** Travel remains problematic. While all bar one of the TMCs on the framework are working at normal service levels, the supply chain behind it is continuing to suffer. The main risk factors for business travel are Russia's invasion of Ukraine and other geopolitical uncertainties, inflationary pressures, and further Covid outbreaks. The majority of business travellers in the UK and France have experienced some kind of travel disruption during recent trips according to a survey by YMC Egencia who found that 73% of respondents had been impacted by disruption to their travel plans this summer including cancellations and delays. Number of flights available increasing but remains to be seen if we will see returns to pre-COVID levels. A lack of staff is causing 1000s of flights to be cancelled across all routes and airlines well into autumn.	**Travel:** The travel industry continues to recover. Focus is now on sustainability with pressure on the industry to be more responsible. Continued shift from price to value when considering how and when people travel, from both an environmental and wellbeing perspective. Covid restrictions being lifted in UK and across the world. Booking flexible fares will be crucial in saving money over all for travellers not being able to make journeys. Some airlines and hotels have not reverted back to fully automated booking, meaning that TMCs are confirming some parts of booking manually, which has compounded the issues from the unforeseen dramatic uplift and the lack of staff in the sector. As businesses increase focus on sustainability, travel programmes are featuring greater visibility at the point of sale of carbon footprints and greener travel options.	**Travel** – Demand for managed business travel is predicted to return to pre-pandemic levels however, it's impossible to predict trends going into 2023 as working styles and patterns have changed in most organisations. Rail strikes and airlines are cancelling routes on a daily basis, reducing schedules across the summer and possibly into autumn. Business travel prices will continue to rise during 2022 and 2023, according to a report by the Global Business Travel Association, which said rising fuel prices, labour shortages, and increasing raw material costs were the primary drivers. Air fares are predicted to rise 48.5% year-on-year in 2022 and then 8.45% in 2023, while hotel rates will rise 18.5% this year and 8.2% in 2023. The figures for car rentals are 7.3% and 6.8% respectively. Given the drops in travel prices following

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employees having left over the last 2 years. Recruitment is taking place in the industry. Hospitality is yet to catch up fully and wages need to increase to fill all the roles available. Airfares are likely to rise significantly due to fuel costs and airport costs	The industry is still not running at 'full capacity' and is not fully automated which is leading to delays. This also impacts local rules on hotel capacities and time between room cleaning, with some countries enforcing empty room rules, so some are only operating around 40%, coupled with the employment rates, hotel rates in the UK are pretty high. Delays at the borders (Dover) continue to cause problems and the delays will impact on prices due to a reduction in supply of goods entering the UK.	Passports are taking longer to renew due to the low number of renewals during the pandemic, and the budget airlines failing to understand and implement post Brexit entry rules.	the pandemic in 2020 and 2021, pricing is "on a par" with 2019. Patrick Andersen, chief executive officer at CWT, said: "Demand for business travel and meetings is back with a vengeance, of that there is absolutely no doubt. "Labour shortages across the travel and hospitality industry, rising raw material prices, and greater awareness for responsible travel are all having an impact on services, but predicted pricing is, on the whole, on par with 2019." The world economy shrank 3.4% in 2020 but grew 5.8% in 2021, said the report. Assumed growth for 2022 is 3% and 2.8% for 2023 "although another recession is a growing concern".
Legal: Increased focus on balancing salary costs against revenue	**Legal:** Trend towards law firms may become more client centred, designing their delivery model around clients' requirements.		**Legal:** Demand continues to remain stable but going forward demand may increase due to queries over contractual obligations. Adoption of technology have delivered efficiencies with the industry with the adoption of video conferencing, paperless workflows and similar.
Recruitment: Difficulty recruiting skilled resource in particular for hospitality, audit and financial services. Suppliers looking at	**Recruitment:** Shortage of candidates in some industries that were reliant on migrant workers.	**Recruitment:** Be aware of post Brexit rules on migrant workers	**Recruitment:** Costs of recruiting increasing due to availability of candidates.

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international market to meet recruitment needs. The lack of candidates will prove a problem, due to the increasing wages/salaries across every sector. A lack of candidates all round means that it is harder to recruit. Vacancies outstrip candidates. Part-time roles are hard to fill due to candidates realising that they are more able to work longer hours due to employers introducing flexible working initiatives for employees. Candidates are moving quicker, accepting jobs quicker and are not loyal to offers where contracts are slow. Candidates won't bother with second interviews if they get an offer before it comes around. Salary is important, but learning and development and training are critical to keeping candidates and current employees with the institutions.	Issues with 'gig economy' or zero hours contract type roles, as people look for security of income following the last two years of uncertainty A shortage of candidates and rising costs of living means a lot of people are changing jobs for higher salaries. Retention strategies that focus on 'great place to work' and other benefits are becoming increasingly unattractive	The recent introduction of the social care levy has reduced take home pay further. This will not be shown separately from next year and will be included in NI payments.	Commission rates remain stable, but wages are likely to increase in every sector, especially at the lower end where £1 an hour difference will cover the loss of the universal credit uplift withdrawal.
	Insurance: Some organisations may struggle with supply depending on risk profile.	**Insurance:** Higher scrutiny of claims and information required by underwriters. Insurers may be more assertive in policy term extensions, coverage and limits.	**Insurance:** Higher costs and less flexibility
			Insurance Cyber: Many firms removing Cyber cover for new and existing

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			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 reinsurance costs, high claims, and prevailing risks which include climate change**.**
Printing: Decline in areas of printed media has seen reduction in labour and capacity	**Printing:** Change in demand as profile of the industry changes. These include changes in working patterns (no office printing) and sustainability considerations		**Printing:** Declines in areas of printed media such as catalogues and flyers with a move to longer print runs. Some areas of the market remain stable such as greeting cards and textile printing. Capacity in the market has reduced with mills either being mothballed, or being utilised for other products, such as cardboard, demand for which has risen during COVID owing to the increase in demand for home deliveries. Pulp costs have been influenced by the reduction in scrap/waste product fed by the significant drop in demand, with shipping and freight costs also rising significantly.
Audit: Higher demands on personnel with specialist audit skills.	**Audit:** Increased materiality review as more specialist input required in audits	**Audit:** Tighter regulations due to high profile corporate failures. BEIS Audit	**Audit:** Fees higher due to specialist resources required.

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		Reform Consultation proposing radical changes to audit and governance reform. Suggestion is to increase the number of organisations that are designated as a PIE (Public Interest Entity) – including a range of HE Institutions. If this is decided it could impact the audit market. Some who are an auditor to a PIE may be excluded from other work too and auditing more PIEs could reduce the capacity that they have to audit smaller institutions in the long run.	Some firms can't be competitive due to organisationally set fees. Engagement used to be governed by price but is now by investment of resources. Overall, the demand for audit and tax services is very high which is pushing some fee rates up by extraordinary increases.
Occupational Health: Indications that recruitment of qualified OH professionals have challenges. This is increasing salary levels to attract and retain staff.		**Occupational Health:** The 2022 Health and Care Act was given royal assent. This is not expected to have a direct impact on members.	**Occupational Health:** Limited issues with currency fluctuations.