Executive Summary

BIFM’s annual Sustainability survey examines how the facilities management (FM) profession is engaging with the issue of sustainability in the business world today.

This is the 11th year BIFM has run the survey, making it the longest running of its kind in the UK. Based on the on-line responses of 333 BIFM members, the 2017 results provide a unique insight into the current trends in sustainability, both within the FM sector and across British business.

Profile of Respondents

What level are you within your organisation?

- Managing Director/CEO: 6%
- Senior Management: 35%
- Middle Management: 38%
- First Line Manager: 13%
- Non-Management: 8%
- Other: 1%

Please describe your organisation?

- End-user (e.g. In-house Facilities Management department): 58%
- Facilities management company (e.g. outsourced providers of FM services to client organisation): 17%
- FM product supplier (e.g. provide relevant products to FM departments): 1%
- FM service provider (e.g. outsourced providers of single FM services to client organisation): 6%
- Consultants: 7%
- Other: 11%
This year’s survey shows sustainability has grown in overall importance within the FM sector: 35% say it is extremely important compared to last year’s 32%; and 37% say it is very important compared to 2016’s 34%.

Four main areas of interest stand out in this year’s survey: sustainability drivers and barriers, social value, digitalisation and energy benchmarking.

The survey’s findings in these key areas were examined in depth in a roundtable* discussion and their observations have informed the writing of this Executive Summary.

Of these key areas, new approaches to social value provide perhaps the most interesting and significant development – a development that was foreshadowed in last year’s survey, which noted: “More recently, a wider view of sustainability appears to have been taken incorporating social value, agile working and wellbeing, recent regulation on minimum wage, social value and modern slavery”.

Social value presents one of the great opportunities for FM – and one of its greatest challenges, says BIFM’s Sustainability SIG chairman Sunil Shah of Acclaro Advisory. Finding an agreed definition and an agreed method of measurement is essential for it to be adopted as a useful tool in the C-suite, but “framing the issue” has yet to be seriously attempted. Shah believes that unless commonly agreed metrics can be created, there is a danger social value will go the way of energy usage measurements, where FM has failed to create a credible benchmarking system – to the detriment of the profession.

Before discussing social value further, it is helpful to place it in the context of the survey’s headline findings on sustainability.

* The Sustainability in FM survey workshop was held on 13th September and included a number of Sustainability experts.
Sustainability’s importance to organisations rose at all management levels last year: 74% of Executive Management rate it as of great importance (70% in 2016), as did 69% of Middle Management (62% in 2016) and 75% of First Line Management and Staff (66% in 2016).

The key question, he feels, is whether companies which have demonstrated a commitment to some level of sustainability now have the appetite for investing in the next phase.

The main reasons for sustainability’s importance are: good resource and cost management (noted by 66%); customer expectations (62%); and legislative compliance (57%).

While financial and physical constraints continue to be the main issues for facilities management professionals, the rising barriers remain towards engagement – in particular, issues around organisational engagement and senior management commitment.

Working Group Chairman Greg Davies, of Assurity Consulting, suggests the increase in overall importance of sustainability shown in the 2017 survey may reflect the successes of the past few years’ harvesting of “low-hanging fruit”. The key question, he feels, is whether companies which have demonstrated a commitment to some level of sustainability now have the appetite for investing in the next phase.

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Why is sustainability important to your organisation? (2015-2017)

<table>
<thead>
<tr>
<th>Good resource/cost</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tr>
<td></td>
<td>57%</td>
<td>67%</td>
<td>66%</td>
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<table>
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<tr>
<th>Legislative</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tr>
<td></td>
<td>40%</td>
<td>59%</td>
<td>57%</td>
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<table>
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<tr>
<th>Brand</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td></td>
<td>42%</td>
<td>55%</td>
<td>52%</td>
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<table>
<thead>
<tr>
<th>Customer expectation</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td></td>
<td>51%</td>
<td>58%</td>
<td>62%</td>
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Davies also notes that while both “legislative compliance” and “good resource/cost management” as drivers for sustainability remained relatively static when compared to the 2016 survey; “customer expectation” continued to grow this year. This might be explained, he says, by a number of factors, adding: “Primarily, the sustainability agenda is changing. Aspects such as wellbeing, social value and agile working have not developed any definitive legal requirements so are being targeted and assessed in-house or through customer expectation/contracts. Essentially, organisations are either being set or setting their own standards or goals, rather than adhering to those that compliance tells them they must achieve. As the measurement of these aspects is in its infancy, cost management/reduction is not yet easily reconciled.”

Topping the list of what firms really want to achieve, and clearly emerging as a future sustainability driver, is the question of social value, which is now changing the agenda.

Social Value

A new sustainability agenda is emerging in some companies, the working group agreed.

Rachael Baldwin of Skanska believes the industry’s “goalposts” are moving. Skanska, she says, has transitioned “from having a typical sustainability declaration to now having five key areas – health/safety, diversity and inclusion, ethics and community investment as well as the ‘typical green’ area.”

Many businesses and organisations are starting to define and report social value but few survey respondents are required to measure the social value of their work – possibly because of the difficulties of doing so.

However, just over three-quarters (76%) say an FM-focused definition of social value and a standard set of financial and non-financial metrics would be useful to their organisation.

Lack of a definition of social value, and the terminology that goes with it, is a common problem across the sector, the working group agreed. For example:

- Does it include apprenticeships or community projects and volunteering?
- Is it about the impact on an individual who has been put through a Prince’s Trust programme, in the way some FM providers arrange?
- Is it about measuring an individual’s feelings?

This lack of definition may be inhibiting more widespread uptake of social value measurements. It could also explain why public sector organisations often only note the social value information they request from a potential FM provider at tender stage, rather than score it when awarding the contract.

Many clients are looking to FM providers for a lead on how to engage with the concept. But because there is no consistent metric for social value, it’s often only possible to demonstrate benefits that are more qualitative than quantitative, i.e. provide a social benefit rather than a financial value, which can make them less interesting to boards.

A further issue raised by the lack of definition of social value is FM providers often invest much time and resource demonstrating and measuring their commitment to creating social value – when more good could be achieved if the time and money was invested directly in a community project. Perversely, recording social value has become more important than actually creating social value.

To eliminate confusion, and to help make the financial case for social value, it is important for the sector to make a start in agreeing a set of base-level metrics, which could include number of jobs and apprenticeships created. An analysis of all tender requirements for social value would also be valuable.

Martin Wayman of ISS says his company is aiming to create a diverse and inclusive culture, but is currently working out how best to measure and monitor it and set targets. “It’s much easier to do that with environmental performance.”

Building the business case will be crucial in persuading clients as well as senior management to buy-in to social sustainability, believes Jamie Quinn of Engie. “Our clients will always expect in-year financial savings. Telling them we’ve generated X pounds in terms of social value which they won’t actually see on their bottom line means we need to create a different business case. Explaining to clients the value of indirect cost savings needs a collective approach from FM providers.”
Ann Beavis of Honeymaker says the public sector, and particularly in Scotland, is driving the social value agenda. The Scottish Government is expecting public bodies to monitor and report on community benefits, or “community value” and there are some definitions employed by large companies working for the public sector.

Social value is more than corporate social responsibility, says Beavis. “It has to be flexible and adaptable to the real social needs of each situation. It’s not about a company doing what’s convenient to itself. It’s about addressing local individual needs, and is often related to mental health and wellbeing in a specific geographic area, or training and reskilling that leads to ‘better outcomes’ for a range of local people.”

Defining social value is crucial, she says. “There has to be measurement, and a solution that’s aligned to employment, community, health and welfare, and which is realistic financially. Let’s see what big companies are doing and build on that. FM has to take the initiative.”

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### Digitalisation

The survey reveals the high penetration of digitalisation into FM, with 88% of respondents saying it is either “extremely important” (26%), “very important” (39%) or “important” (23%).

#### In your opinion, how important is digitalisation to your organisation?

<table>
<thead>
<tr>
<th>Importance</th>
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<tbody>
<tr>
<td>Extremely important</td>
<td>26%</td>
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<tr>
<td>Very important</td>
<td>39%</td>
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<tr>
<td>Important</td>
<td>23%</td>
</tr>
<tr>
<td>Not very important</td>
<td>9%</td>
</tr>
<tr>
<td>Not important</td>
<td>1%</td>
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<tr>
<td>Not sure</td>
<td>2%</td>
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In terms of digital’s role in delivering FM services, the majority of respondents, for both In-House FMs and FM Service Suppliers, say it is impacting on “some aspects” (46% of In-House FMs and 36% of FM Service Suppliers). Of those who say digital is impacting on “most aspects” of their FM delivery, 35% are FM Service Suppliers and 27% are In-House FMs.
For most, digitalisation of FM services centres on connecting devices in workspaces and interpreting and acting on received information.

Technology in the form of the Internet of Things (IoT) is propelling the FM sector towards real-time reporting. But at the same time it is opening up a divide between adopters of new digital systems and other – generally smaller – companies which have yet to invest in digitalisation. This has implications for tender lists as many otherwise suitable SMEs become ineligible through their lack of digital expertise. Open sourcing may address this issue, suggests Fiona Daly of LIG Consulting Services, but there will likely still be barriers to pan-industry adoption of digitalisation; anything ranging from a lack of investment in infrastructure and current (mainstream) views on IP, to technology skills gaps in the workforce.

Progress to date, the workshop agreed, has been slow because implementing digitalisation is, as Martin Wayman of ISS describes it, “complicated”, with many different types of digital equipment and systems. It’s also been slow because full client backing is essential to future progress, says Wayman, yet many clients are still working out their own digital strategies, including for workplaces.

Adding urgency to the debate is FM’s fear that an outside disruptor – an Uber-type operator – will digitalise FM delivery more quickly than the sector can do itself.

Only 8% of In-House FMs report that all aspects of FM delivery are being conducted digitally. The figure rises to 14% for FM Service Suppliers.

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Energy Benchmarking data is a work tool the majority of FM operatives are very keen to access. Over 50% of respondents (52%) rate it as "very important" and 32% "moderately important".

In your opinion, how important is it for a new 2017 energy benchmarking data set to be made available to you? (select one)

- Very important: 52%
- Moderately important: 32%
- Of limited importance: 13%
- Don’t know: 3%

For FM practitioners, energy data would be “most important” in comparing annual energy use between similar buildings (38% see this as its top function). Following closely behind in value is reactive and planned maintenance, broken down into building age, size and usage, which 24% see as “most important”.

Comparing daily energy usages is seen as “most important” by 24%, followed by 17% seeing building occupancy productivity measures as “most important” and 13% seeing comparison between energy use and building occupant sick days as “most important”.

Working group participants spotlighted the performance gap between a building’s original specification and how it actually operates. Most FMs surveyed perceive a gap between the two, and energy benchmarking data could help to optimise existing buildings.

Climatologists want to know this information too – they look for a range of benchmarks in terms of energy consumption as kWh or carbon normalised against metrics such as square feet and headcount. This means it’s important to cover more than one area, rather than rely on a single metric. Equally important is the contextual understanding of the reality of how buildings of all shapes, sizes and functions are actually used by their occupants. Given the complexity of the exercise, it is accepted that energy data benchmarking would be a useful guideline in the absence of other benchmark data, rather than a prescriptive tool.

Inevitably, much deep interrogation of specific data sets is required in order to establish a more accurate picture of energy usage, making reliable benchmarking an elusive though still much desired goal.
Next Steps

Last year’s survey called for “an evidence-based approach to environmental and social metrics to better define existing performance and non-financial benefits to support the move towards a values based service”. This year’s survey underlines the importance of creating benchmarking metrics for social value, and doing so as swiftly as possible.

BIFM will take a leading role in working with peers and academics across the built environment to develop a co-ordinated approach to these metrics. The Modern Slavery Act, the Social Value Act and The Procurement Reform (Scotland) Act all provide helpful pointers for the way forward for FM.

Key Points

- Sustainability has grown in overall importance to companies as well as in all levels of management
- The sustainability agenda is broadening to include social value, which embraces welfare, diversity and community investment
- Social value will be difficult to progress effectively until new metrics emerge
- Boards need to accept that, for the moment, investment in new social dimensions of sustainability is more about “doing the right thing” than boosting the bottom line
- Energy and wider environmental benchmarking can provide valuable insights to FM teams to optimise their buildings and engage at the design stage on projects
- Penetration of digitalisation is currently high within the FM sector and its role in delivering FM services will continue to increase
About BIFM

The British Institute of Facilities Management (BIFM) is the professional body for facilities management (FM). Founded in 1993, we promote excellence in facilities management for the benefit of practitioners, the economy and society. Supporting and representing members around the world, both individual FM professionals and organisations, and thousands more through qualifications and training.

We promote and embed professional standards in facilities management. Committed to advancing the facilities management profession we provide a suite of membership, qualifications, training and networking services designed to support facilities management practitioners in performing to the best of their ability.