



**Fire Industry Association**

Leading Excellence in Fire Since 1916

# Market Conditions Review

**WAVE 15**

# Findings of the FIA (Fire Industry Association) Market Conditions Survey 2023 – Wave 15

The FIA has once again invited members to respond to our Market Conditions Survey (MCS). The MCS enables us to assess the current state of the industry and provides us with the information necessary to best serve the industry in these increasingly challenging times for businesses in the UK and worldwide.

This latest survey (Wave 15) takes on added importance given the 'new normal' post-Brexit and post-pandemic, with the effects of both still prevalent. The issues following our exit from the EU continue to resonate with businesses in many ways, while Covid's long term implications do not attract much media attention but can still be felt.

18 months ago, most of us envisaged far less economic turmoil than is presently the case but the war raging in Ukraine following the illegal invasion by Russia has hindered any economic recovery. In fact, its consequences have led to rampant inflation not seen for many decades and vast increases in energy prices from which businesses have thus far not been protected by government intervention. We are now teetering on the edge of entering a period of recession in which the UK is expected to be among the hardest hit in the developed world.

It is vital that we, as a trade association, understand from our members and others how all these factors are affecting and will continue to affect the industry sector that we serve. The main findings are relayed here, with reference to all responses from FIA members and non-members, except where there are notable differences between these two respondent types.

In terms of the health of the fire safety market, enquiry levels experienced by suppliers offer substantive insight. While 39% of companies report no change or a marginal drop in the last year compared to the previous year, 42% of companies reported a slight increase which is holding steady this year at 43%. However, the companies reporting significantly more enquiries has dropped from last year by 14% (from 20% to 6%). Significantly, the number of enquiries coming from the public sector has risen dramatically from last year from 14% to 56%. Enquiries from the private sector dropped by 26% with around a fifth of companies reporting an even split of enquiries from both sectors. This could be a sign that public investment and new legislation is driving public sector growth, whilst the current period of high inflation is driving the private sector to cut costs.

Furthermore, 7% of respondents said that their enquiries were UK-wide, while 20% said that most of their enquiries were from the London area alone. The next highest number of enquiries was received from the Midlands (East and West combined), with 27% of all enquiries. These findings would be influenced by population density, as well as whether individual companies are national or locally based. This is largely in line with data from previous years.

For invitations to tender, 10% report no change, while 43% show a modest increase and less than 10% suggested they have more substantive activity. Tender pricing has decreased from last year's report of 85% stating they had seen increases. Only 50% said they had seen a slight or significant increase with over 25% for the latter. When it comes to third-party certification on tenders, over 50% of respondents report an increased demand for third-party certification. Whilst this is encouraging growth on the previous year, and is testament to the hard work of organisations like the FIA and BAFF in lobbying and promoting the crucial need for company level certification, the fact that almost 50% of respondent's report seeing no change or even less tenders demanding third-party certification is disappointing on the part of those companies putting tenders out to market. Most troubling of all for the fire safety industry is the incredible percentage jump from levels of 5% or lower, to around 15-20% of respondents saying they have seen significant drops in the number of tenders which require third party certification. This only further highlights the need for the vital work the FIA does to promote higher standards and competency levels across the industry, especially in times of increased financial pressure which invariably lead to degradation of quality levels.

Receipt of payments shows that 47% of companies receive payment within 30-60 days, although for most others, this extends to 60-90 days. 15% of companies say that on average, they are having to chase payments beyond

90 days which is up 14% from 2022. Is this another impact of inflationary pressures on businesses?

Despite continued inflationary pressures, there has been a decrease of around 30% from last year of respondents saying they are having to cope with increased suppliers' prices. Delivery times have also decreased from last year, with only 37% experiencing consignment delays, compared to 79% the previous year. This may be due to markets adapting and responding to the logistical problems caused by inflationary pressures faced globally affecting raw materials, components, and shipping, but also as we see a return to some form of normality for supply chains post covid.

Looking at the number of orders received, the response is mixed with 51% reporting a slight or substantive increase in orders. Balancing this out, 39% reported a downturn in orders with over half of those saying they had received less orders. Interestingly, there is almost a 50/50 split of orders between the public and private sectors, but with a wide disparity in members and non-members. FIA member companies report twice as many of their orders come from the public sector as opposed to private sector orders. The exact reverse applies to non-member companies, reflecting differences in customer profiles.

In terms of the conduct of their businesses, the picture is mixed. 47% have recruited skilled labour, a slight increase (6%) on last year, although the number who have reduced their skilled headcount has increased from 5 to 17%. When it comes to recruiting apprentices, last year's figure of 41% has risen by 20%, with companies not using apprentices now being the minority. The outlook for training has changed dramatically since last year. Previously, 41% said they had increased their workforce training with the majority keeping the same level or reducing it (5%). This year showed that 44% have increased their training programmes, 37% have remained the

same and the number reducing their training commitment has grown to 18% which is a worrying and unwelcome trend. The good news is that in the coming year, the figures are the same in terms of intentions to increase, decrease or keep training levels the same. These figures show that whilst there is a commitment by companies in the sector in securing a highly skilled and appropriately trained workforce, this is starting to show signs of being eroded.

Taken together, the findings show that whilst the fire safety sector stays strong, there are some negative trends that it would do well to address. Considerable headwinds, in terms of raw materials and part costs, as well as other supply problems have been feeding these issues for a few years. In addition, these and other factors are affecting our exporters' ability to expand their overseas interest. The mixed results do prove, however, the resilience and adaptability of companies within the fire safety industry as well as the importance of the work that they carry out in the name of public safety and property protection.

Given the extraordinary factors prevalent over the last few years, it is useful to look back to the four years up to 2023. While each of these are subject to often significant variation, enquiries and orders are at broadly at similar levels to now, which shows the vital nature of the work carried out by the fire safety industry. Previously, we reported that those experiencing tender price increases has risen from 30-50% in earlier years to 85% two years ago and back down to 50% last year. This year's data appears to show that this is holding firm around the 50% average. Interestingly, supplier pricing appears to have stabilised with the number of companies reporting increases at 93% last year, this year shows a drop down to 56% reporting increases. Likewise, the percentage of respondents who said they saw a decrease in supplier prices rose from around 2-3% where it has been for the last 4 years to around

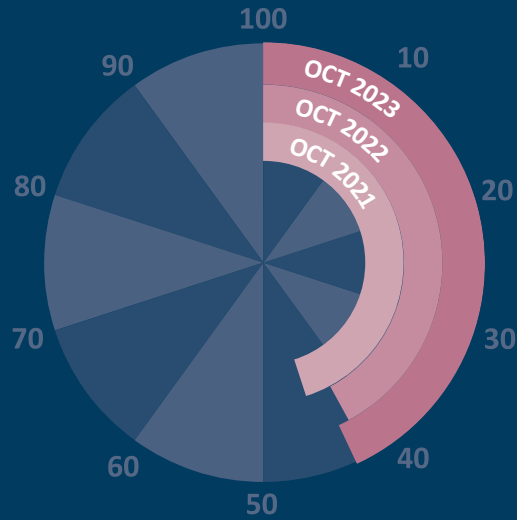
16%. This could be the first signs of prices beginning to settle after the huge hikes in rates over the past couple of years post covid and leading into the war in Ukraine.

Export business figures are particularly interested with those reporting growth having doubled from an average of 18% from 2020-2022 up to 37% in 2023. However, this is offset by a similar increase of those saying their export business has decreased. This is possible because while previously around 74% of exporters said they had experienced no change between 2020-2022, in 2023 only 9% said they had neither increased nor decreased their export activities. This appears to show that whilst there is global uncertainty on many fronts, there are clearly opportunities to expand overseas for those willing to take the risk. One example of this is the work the FIA have put into opening a branch office in Cyprus and arranging a trade mission to take place in October 2023 through the FIA Export Council. This is a great opportunity for all FIA members to take part in as the Cypriot fire safety industry takes steps to raise the bar of competency within its borders. Not only that, but it can also serve as a gateway into Southeastern Europe, another developing region in which huge opportunities lie over the coming years.

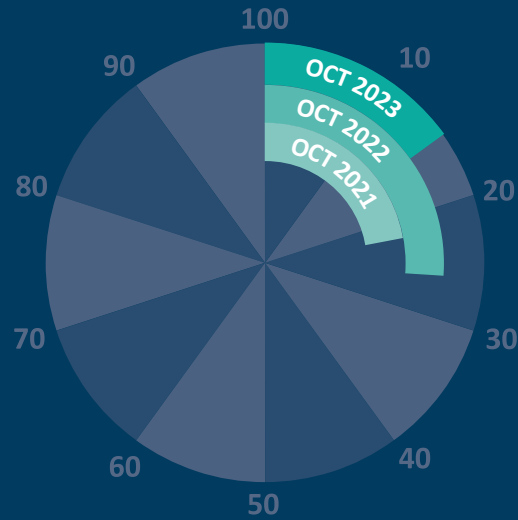
On the indicators for skilled labour, apprentices and training, there is evidence that industry is increasing its apprentice intake and future staff training intentions compared to the latter half of the earlier decade, but levels of current training is slightly down as well as increases in skilled labour.

With the various unprecedented factors that have prevailed over recent years and the dramatic and equally extraordinary circumstances that we face now and for the near future, we still are in an extended period of extreme uncertainty. What is heartening, however, is the capability of the fire safety industry in supporting its excellent work in these exceptional times.

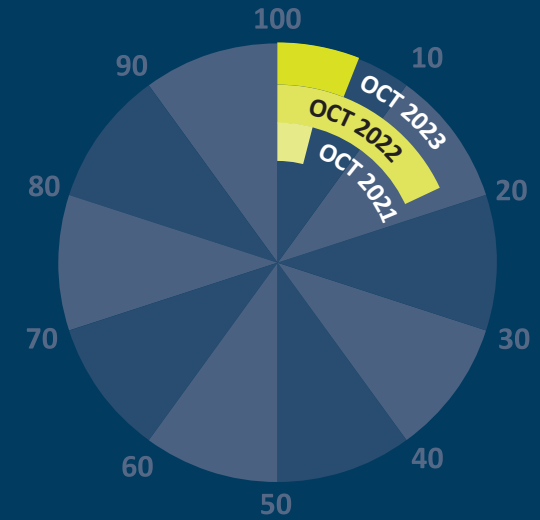
# Have you received more enquiries in the last 12 months than in the previous year? (%)



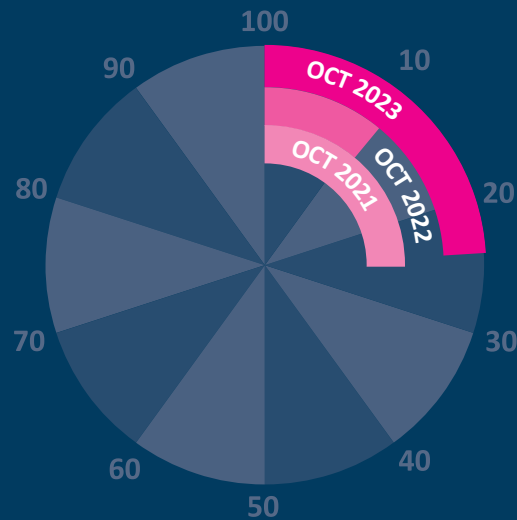
**SLIGHTLY MORE**



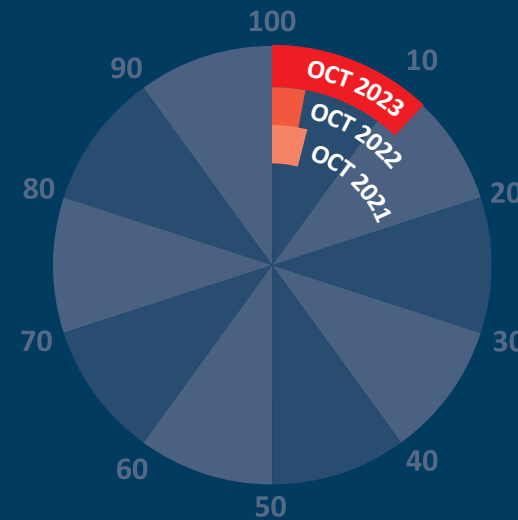
**SAME**



**SUBSTANTIALLY MORE**

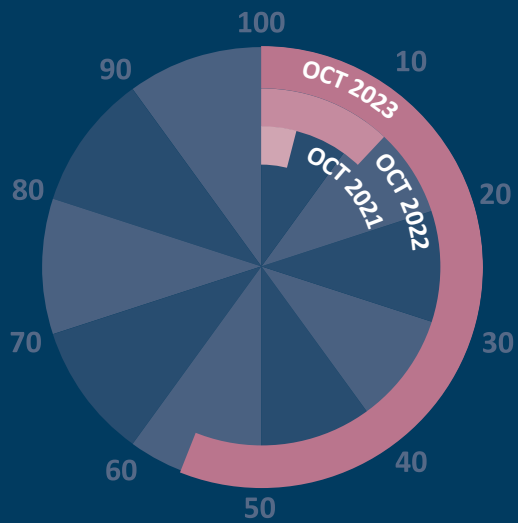


**SLIGHTLY LESS**

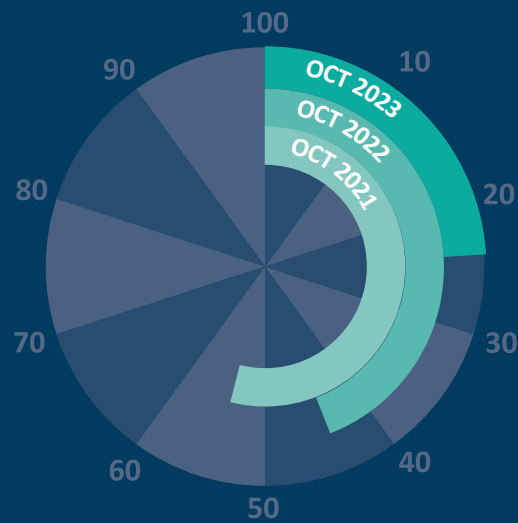


**SUBSTANTIALLY LESS**

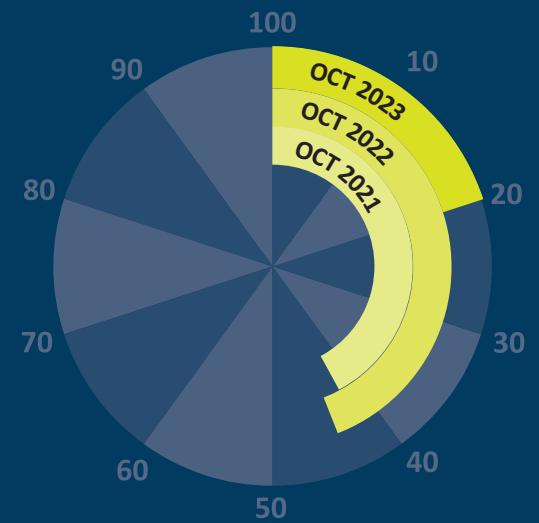
# Have you had more enquiries from the Public or Private Sector? (%)



**MORE FROM THE PUBLIC SECTOR**

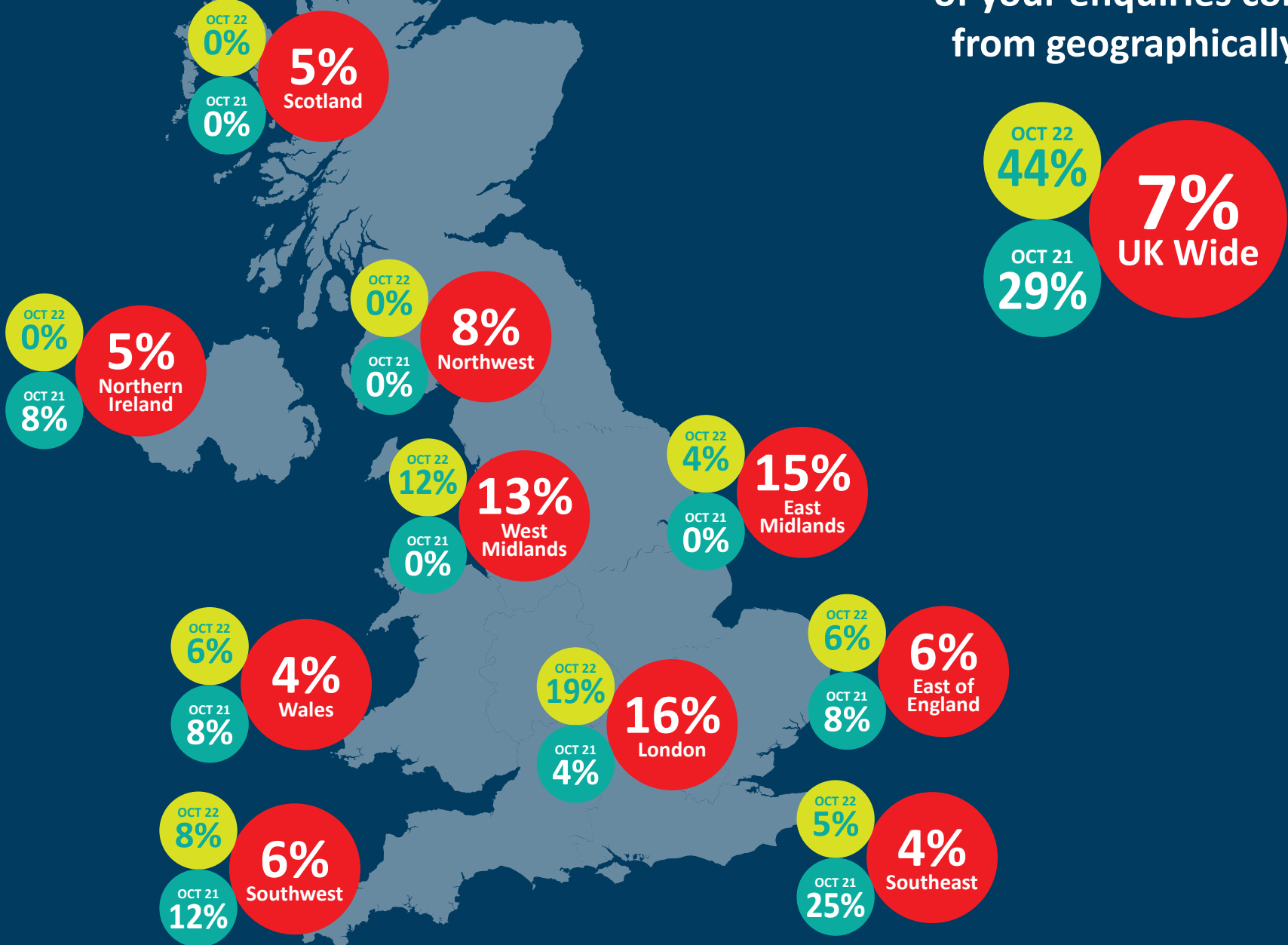


**ABOUT THE SAME**

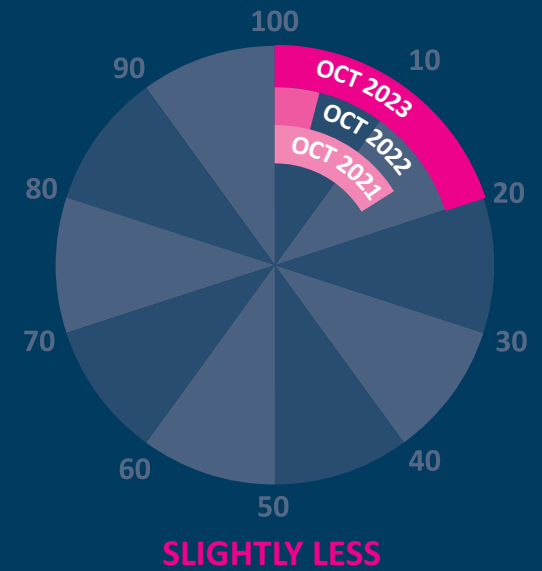
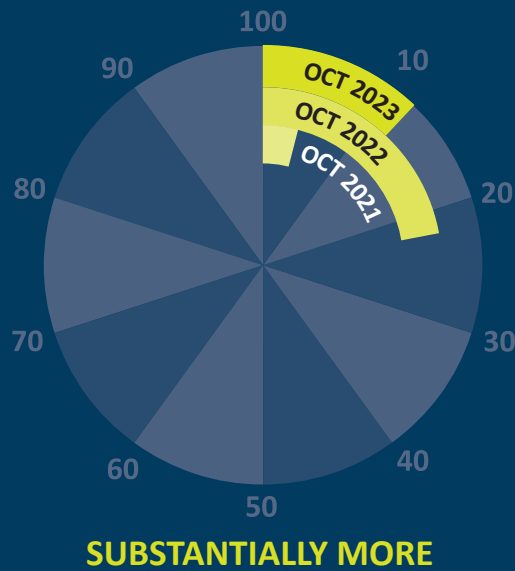
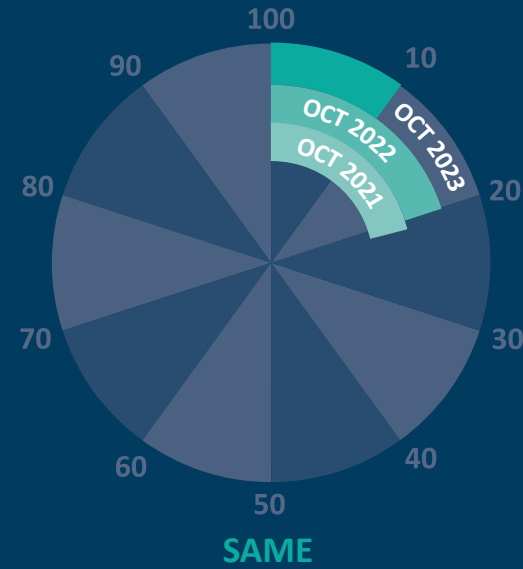
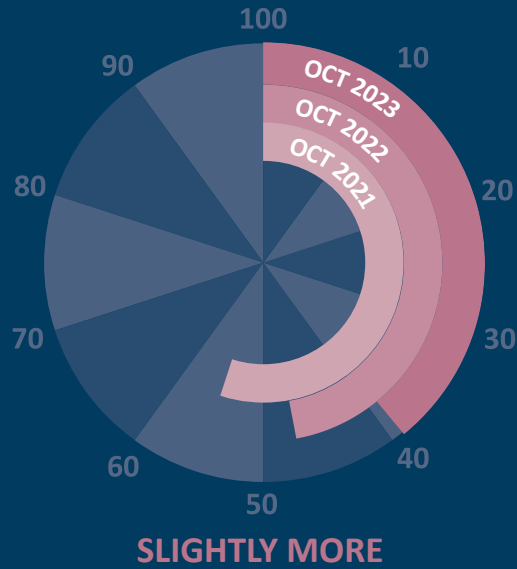


**MORE FROM THE PRIVATE SECTOR**

# Where have the majority of your enquiries come from geographically?

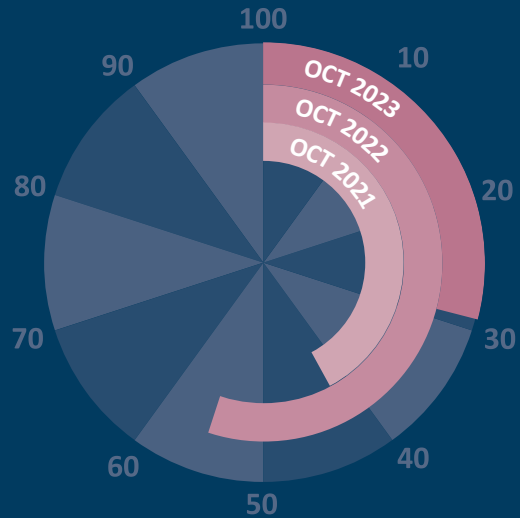


# Have you received more orders in the last 12 months than in the previous year? (%)

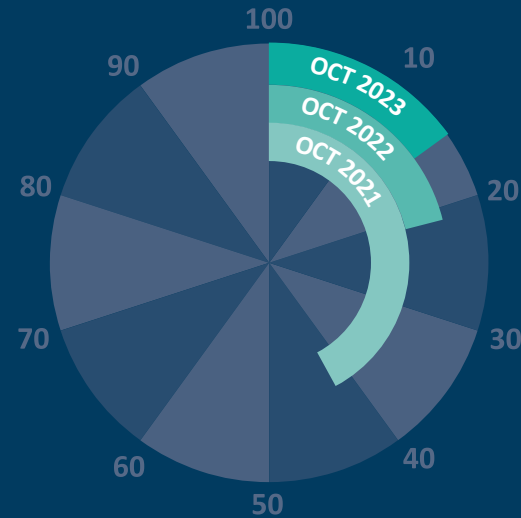




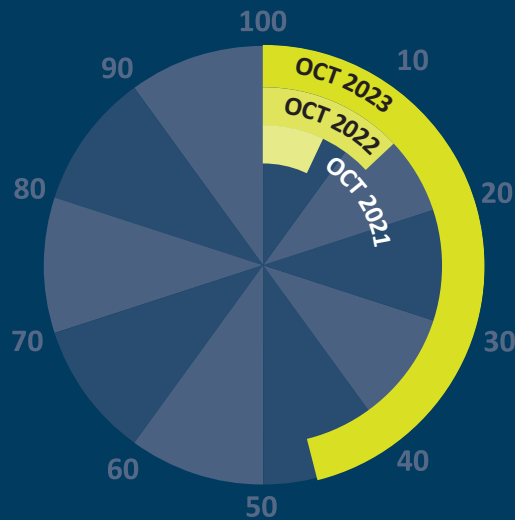
# Have you had more orders from the Public or Private Sector? (%)



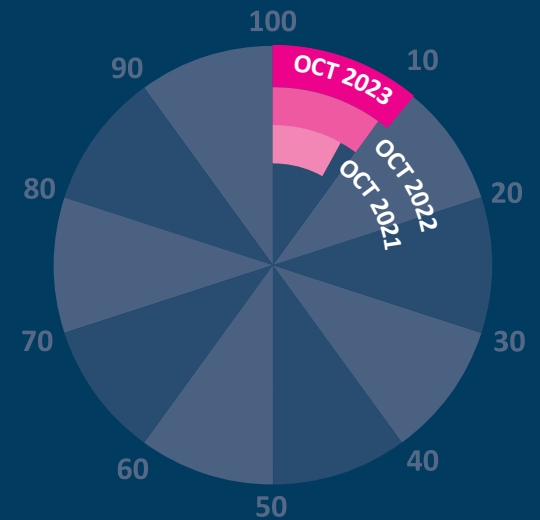
**MORE FROM THE PRIVATE SECTOR**



**SAME**

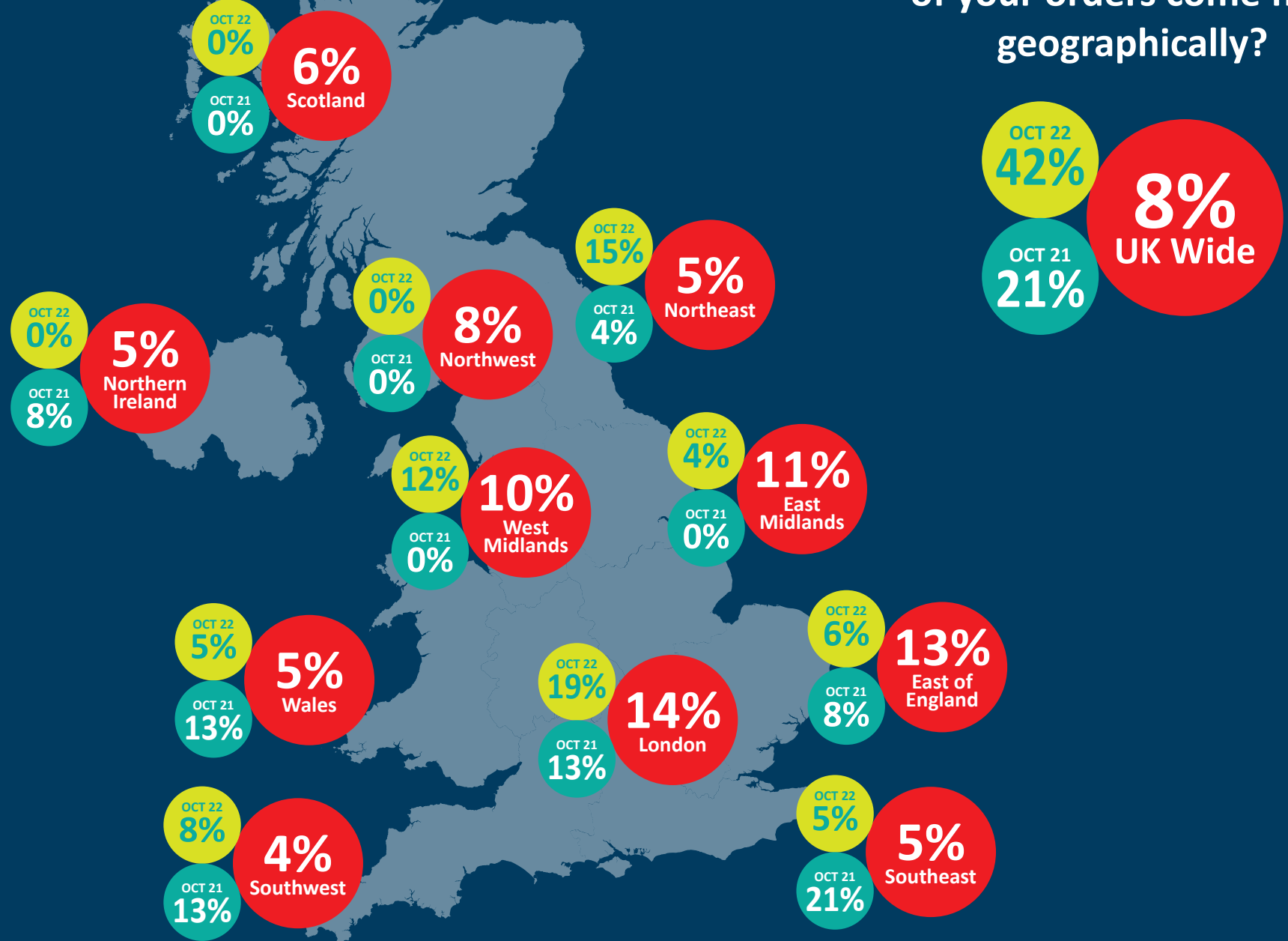


**MORE FROM THE PUBLIC SECTOR**

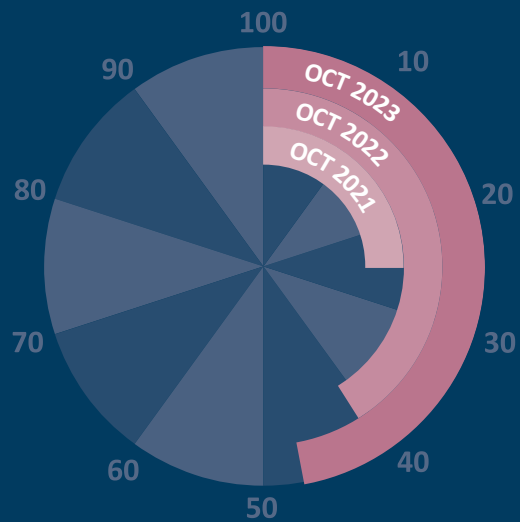


**DON'T KNOW**

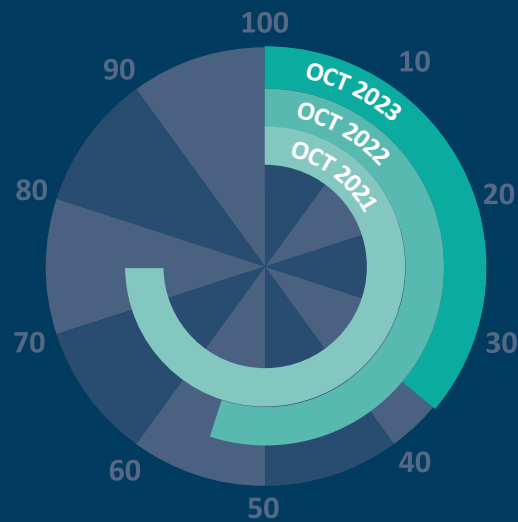
# Where have the majority of your orders come from geographically?



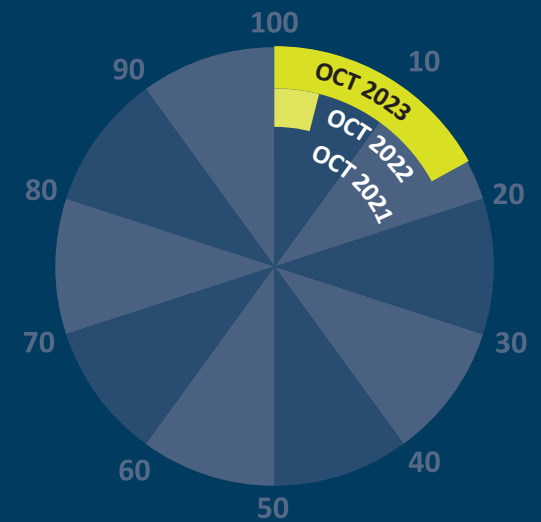
# Have you recruited skilled labour in the last 12 months or have you shed skilled labour in the last year? (%)



**RECRUITED  
SKILLED LABOUR**

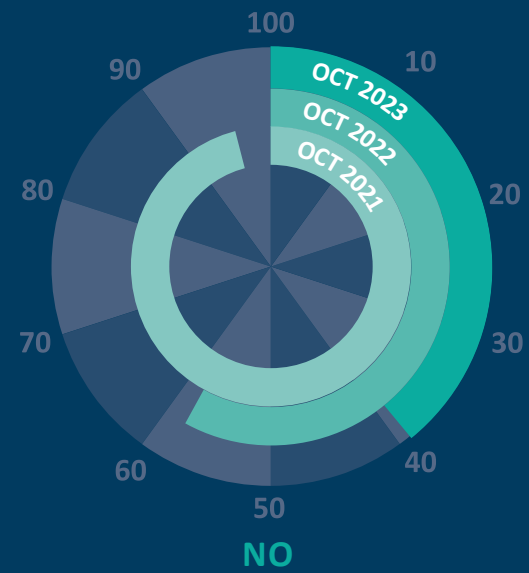
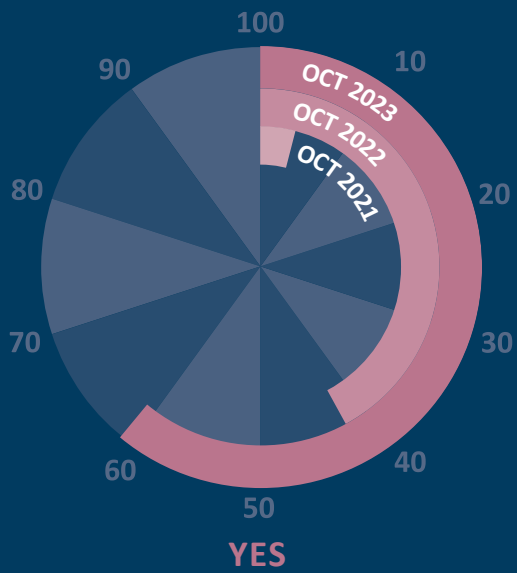


**NO CHANGE**

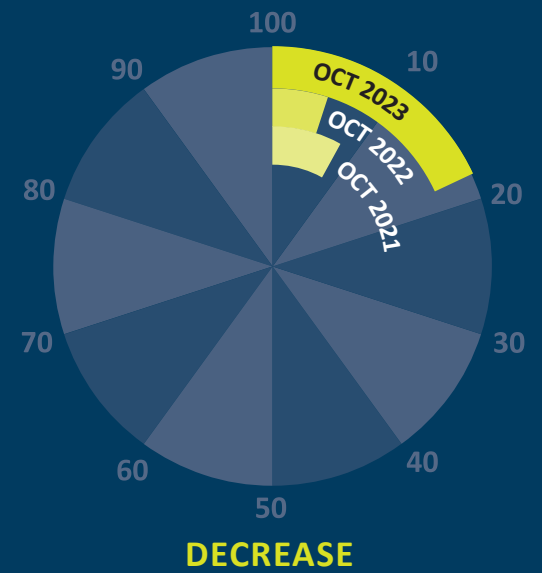
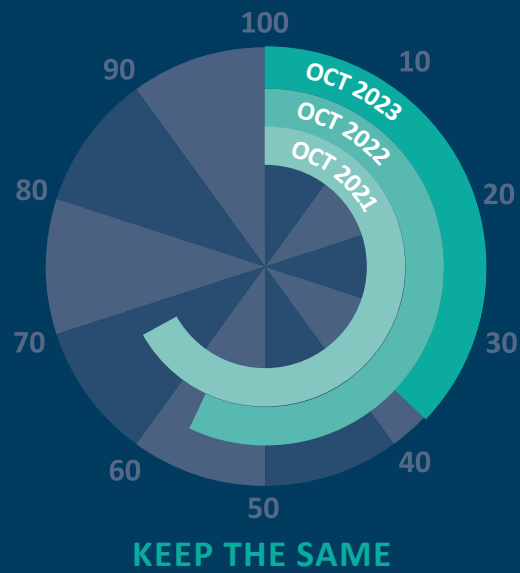
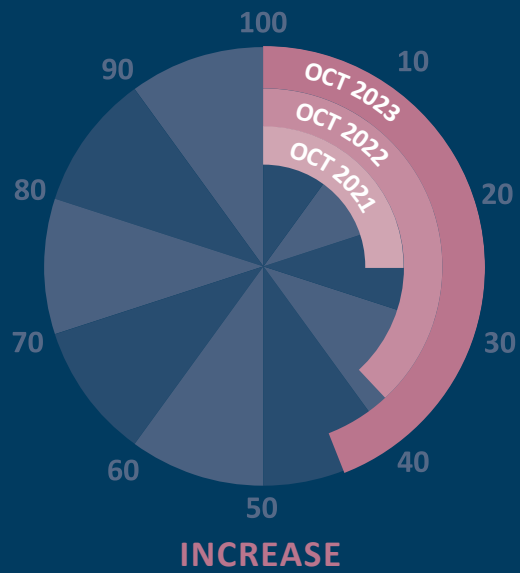


**SHED SKILLED LABOUR**

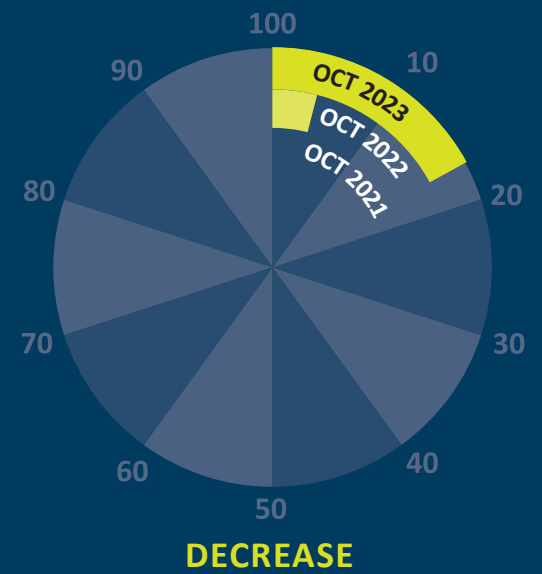
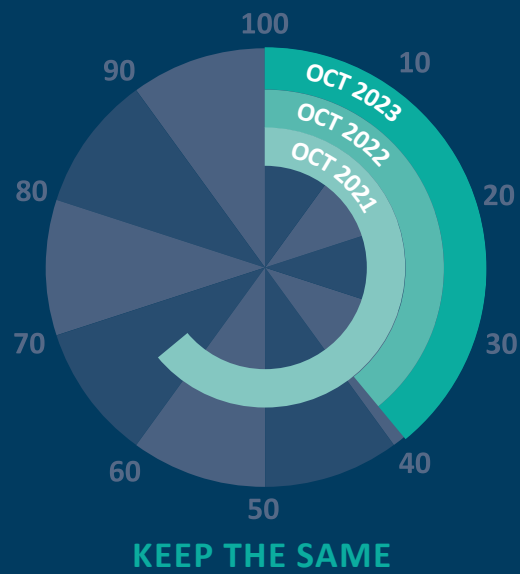
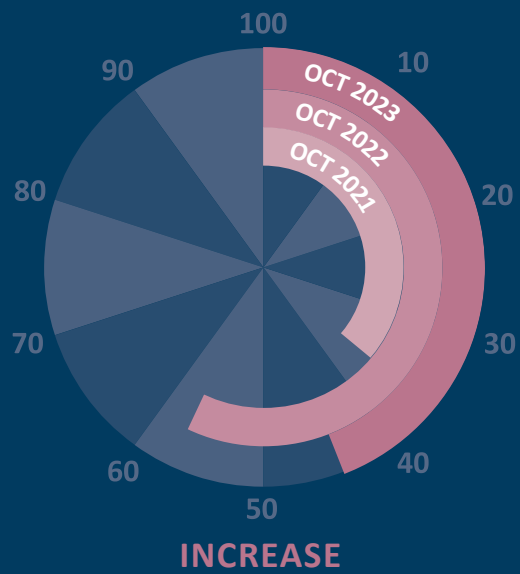
# Have you recruited apprentices in the last 12 months? (%)



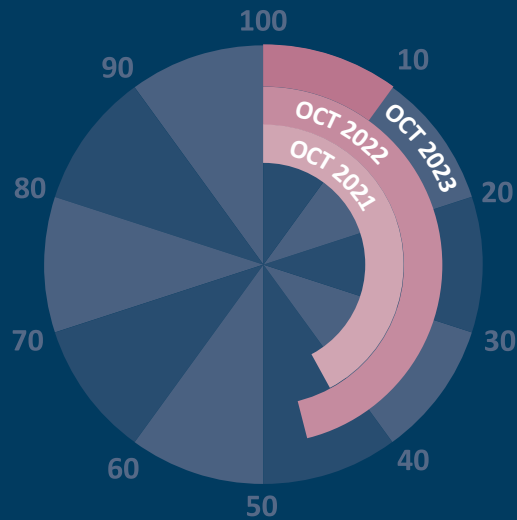
# Have you increased or decreased the amount of training for your workforce in the last 12 months? (%)



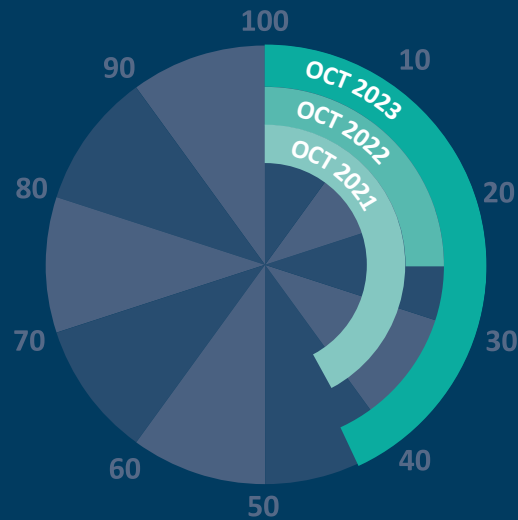
# Do you intend to increase or decrease the amount of training for your workforce in the next 12 months? (%)



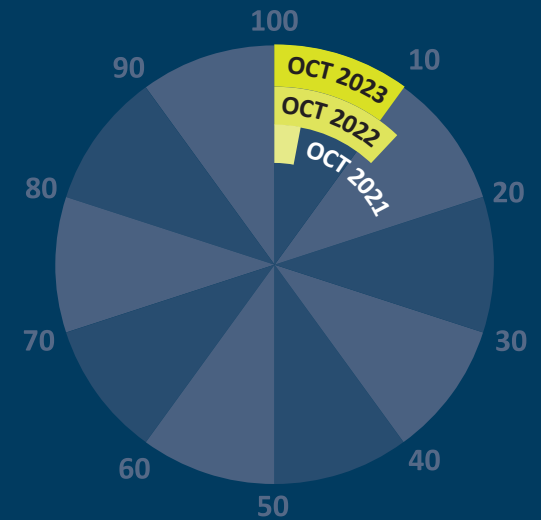
# Have you received more or less invitations to tender for work in the last 12 months when compared to the previous year? (%)



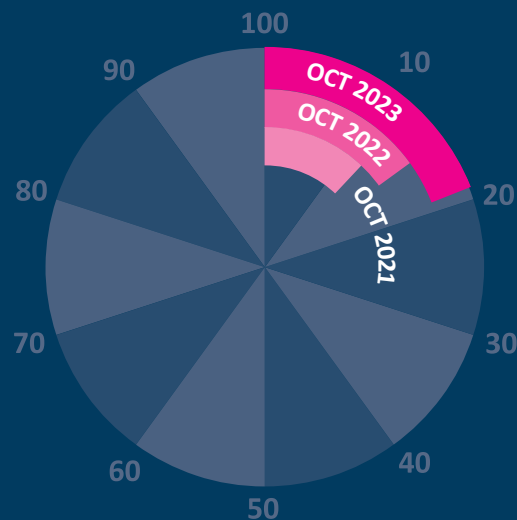
**NO CHANGE**



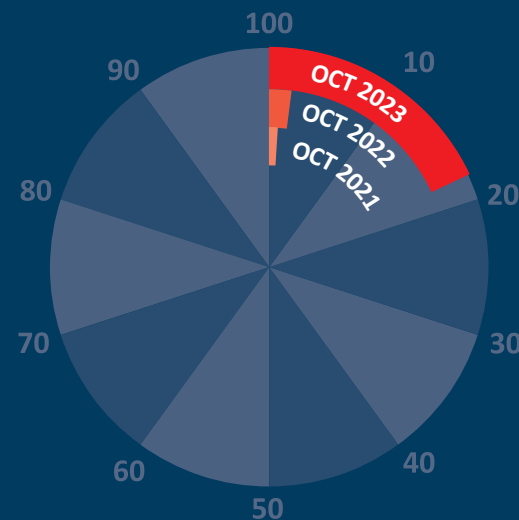
**SLIGHTLY MORE INVITATIONS**



**A LOT MORE INVITATIONS**

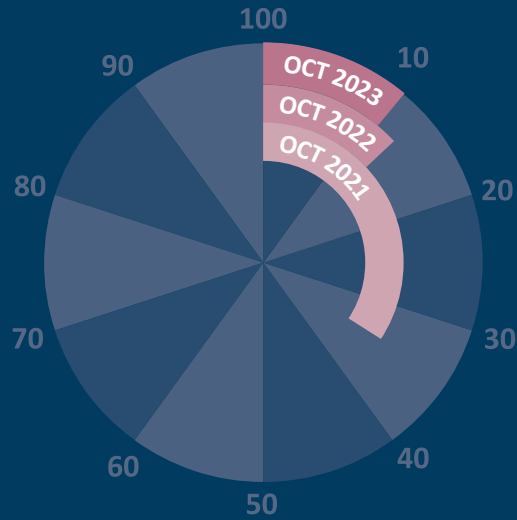


**SLIGHTLY LESS INVITATIONS**

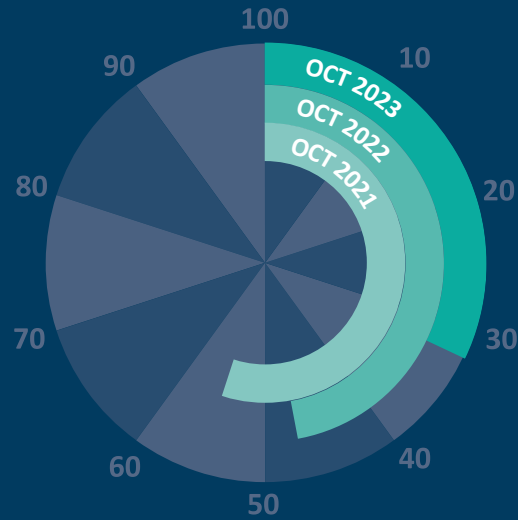


**A LOT LESS INVITATIONS**

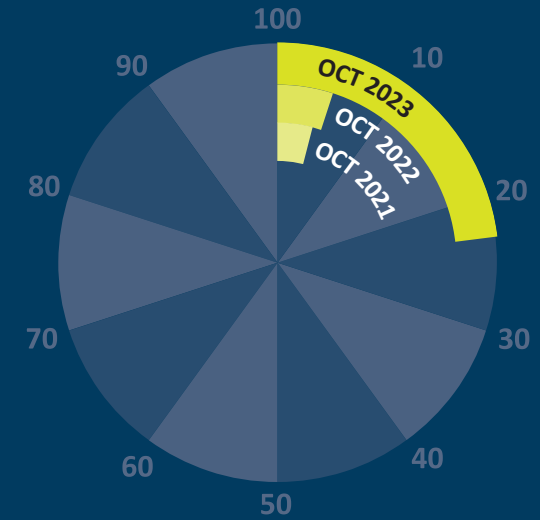
# Have tender prices increased in the last 12 months when compared to the previous year? (%)



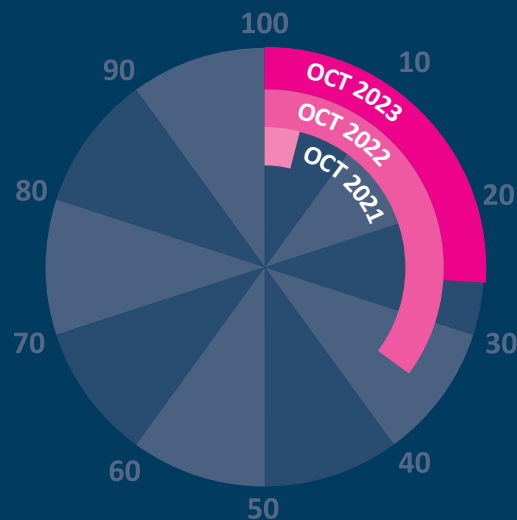
STAYED THE SAME



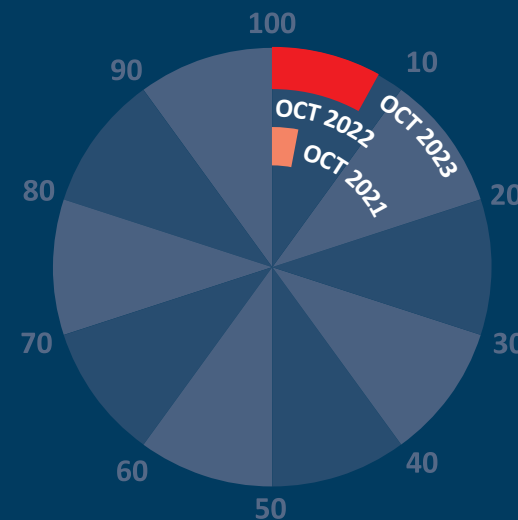
INCREASED SLIGHTLY



DECREASED SLIGHTLY



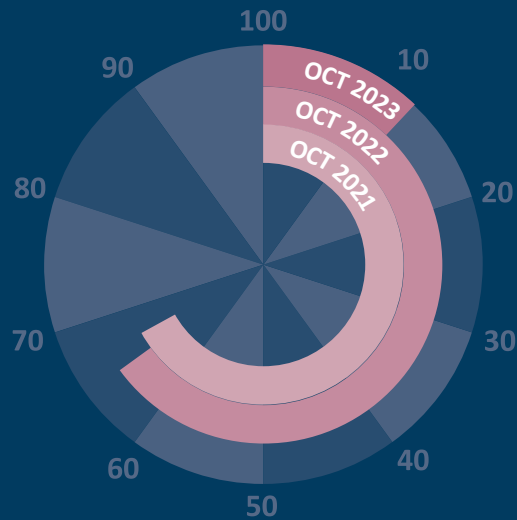
INCREASED SUBSTANTIALLY



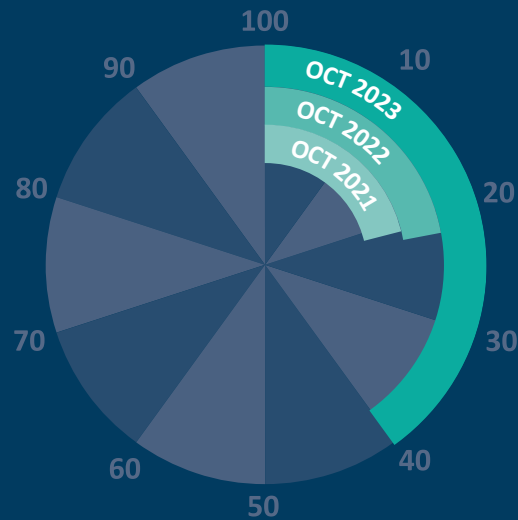
DECREASED SUBSTANTIALLY



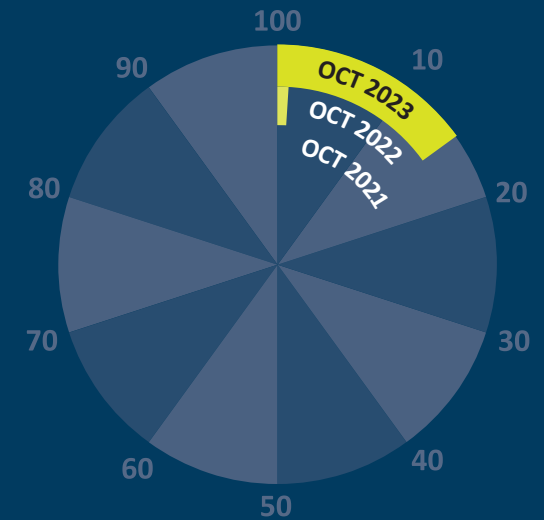
# Have you seen more or less tenders in the last 12 months that require Third Party Certification when compared to the previous year? (%)



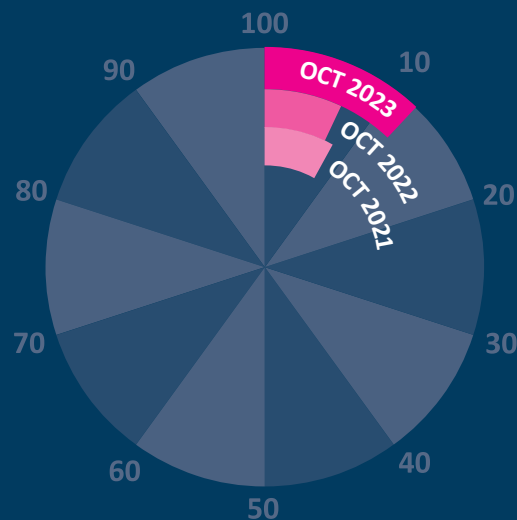
**NO CHANGE**



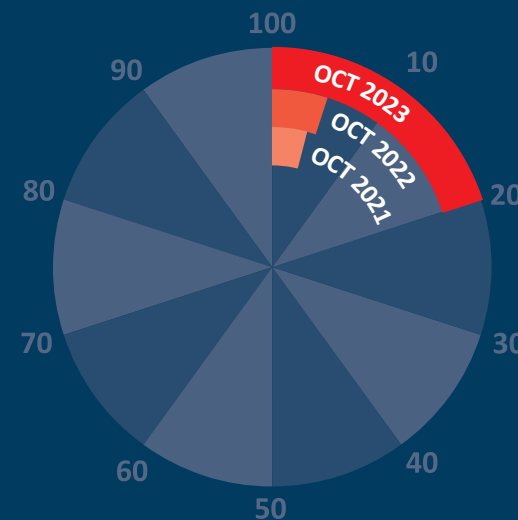
**SLIGHTLY MORE**



**A LOT LESS**

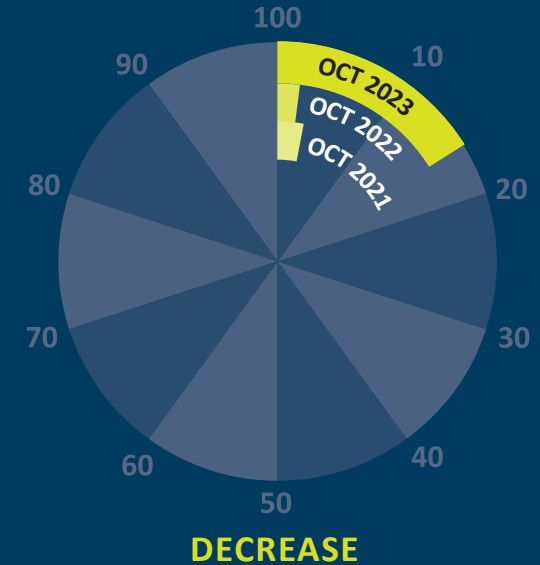
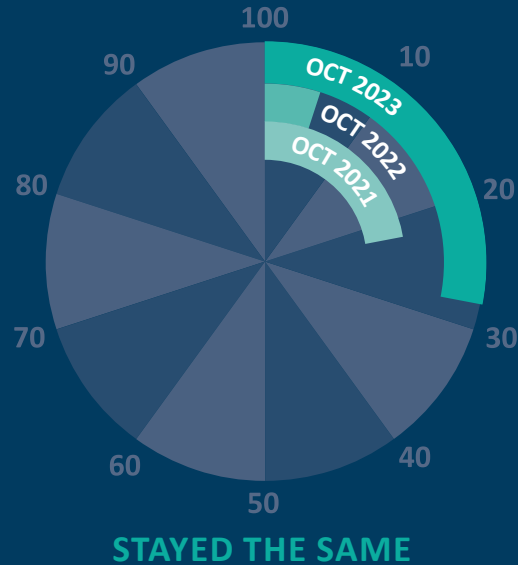
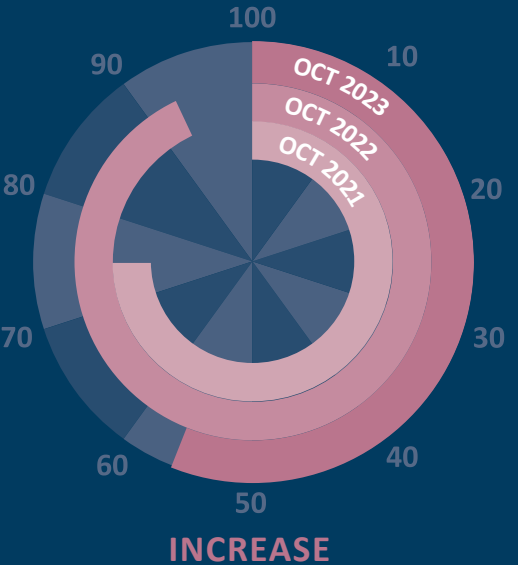


**A LOT MORE**

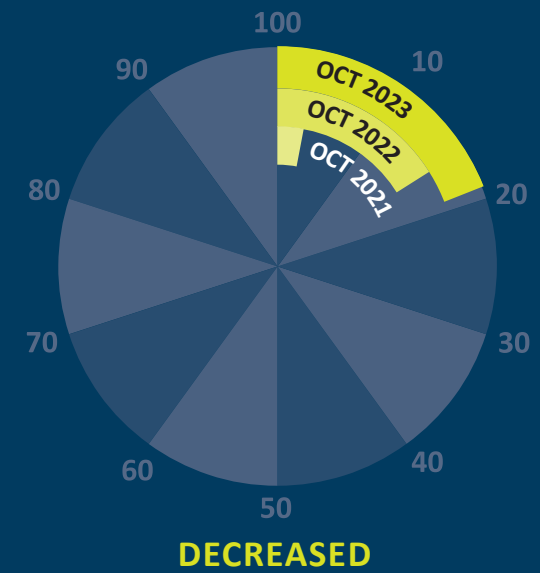
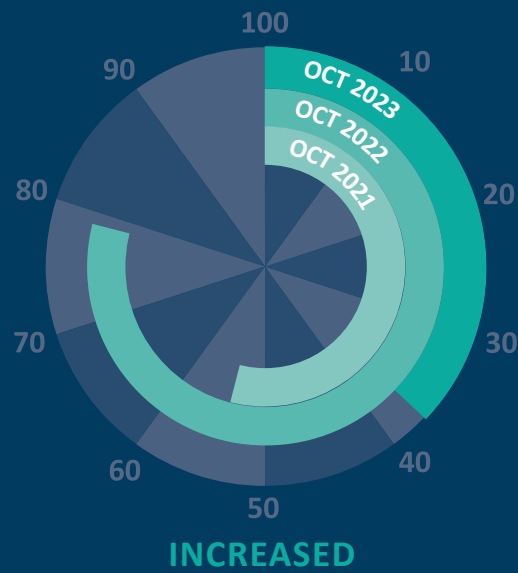
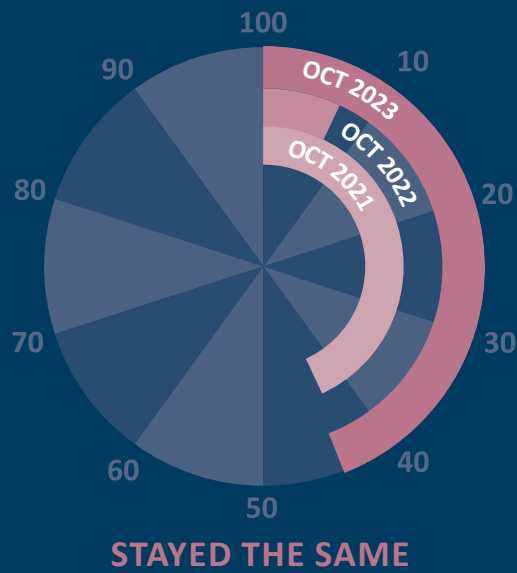


**SLIGHTLY LESS**

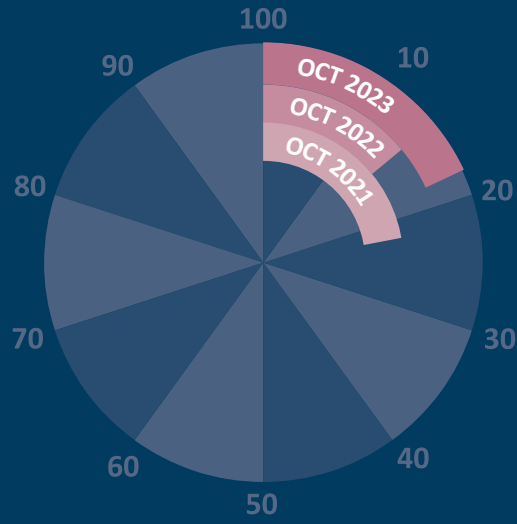
# Have suppliers prices in general increased, stayed the same or decreased in the last 12 months when compared to the previous year? (%)



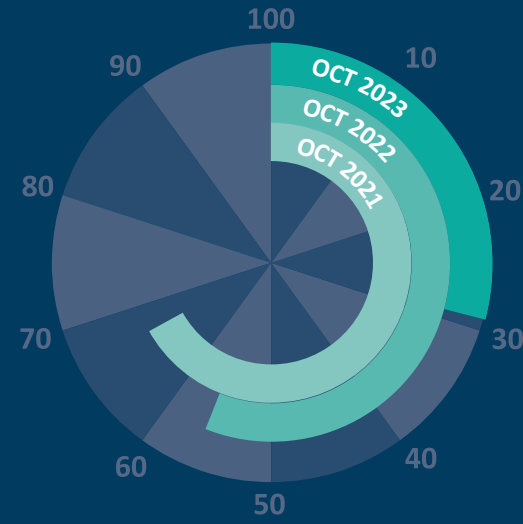
# Have suppliers delivery times in general increased, stayed the same or decreased in the last 12 months when compared to the previous year? (%)



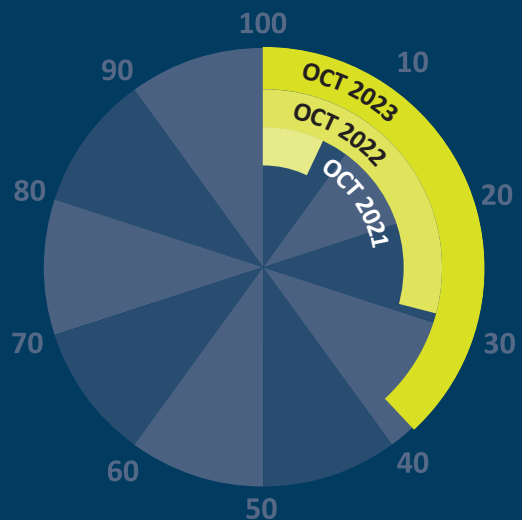
# What timeframe are you generally receiving payment in? (%)



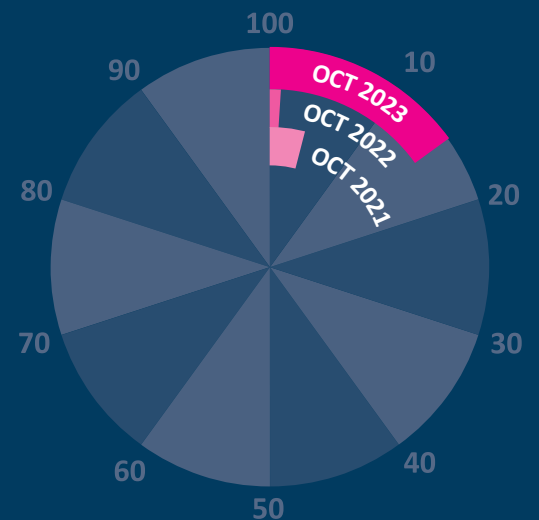
30 DAYS OR LESS



31 TO 60 DAYS

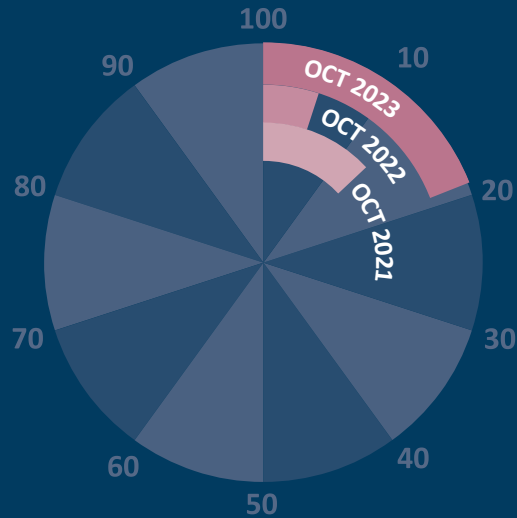


61 TO 90 DAYS

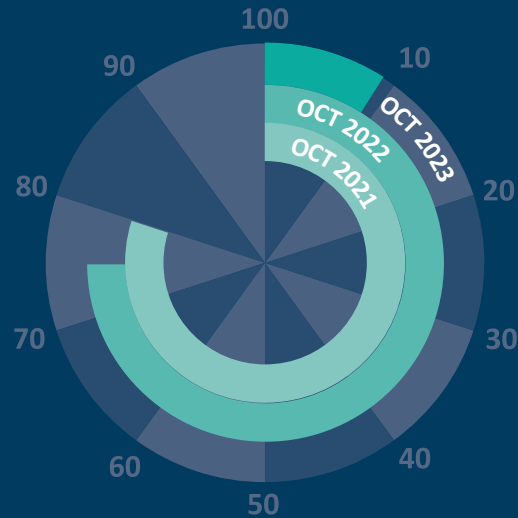


91 DAYS OR MORE

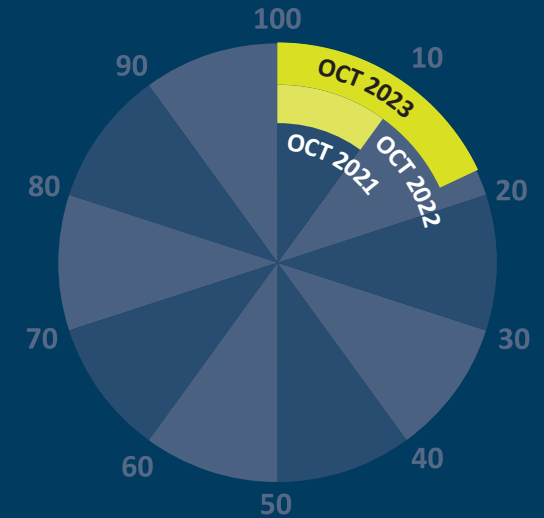
# If you are an exporter, has your export business grown in the last 12 months when compared to the previous year?(%)



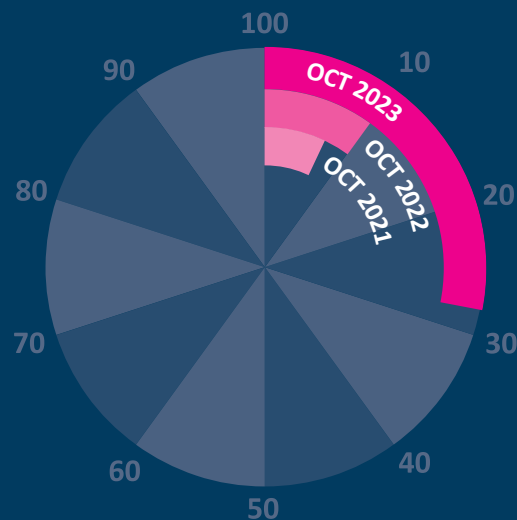
SLIGHTLY MORE



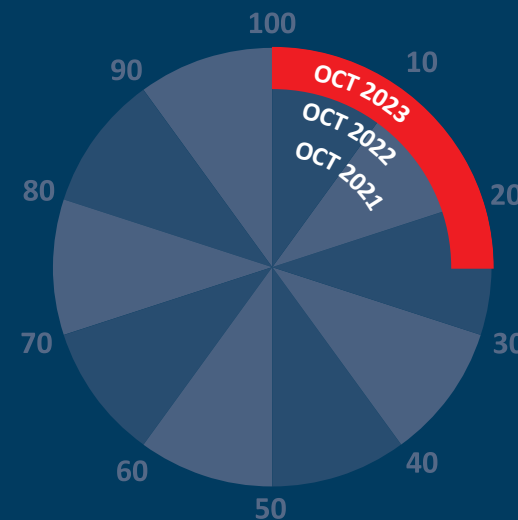
SAME



SUBSTANTIALLY MORE



SLIGHTLY LESS



SUBSTANTIALLY LESS