

## Navigating Change: Phil Smith's Outlook for the Cleaning Sector in 2026

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Phil Smith, Managing Director of [Indigo Integrated FM Ltd](#) and Founder and Chairman of [The Hill Club](#), shares his predictions on the challenges and opportunities facing the cleaning industry in the year ahead.

As we enter 2026, businesses are bracing themselves for what Phil described as a “perfect storm” of regulatory changes, wage pressures and workforce challenges that will test the sector’s renowned resilience.

Speaking exclusively to FM Business Daily, Phil identified employment wage rate increases as the most significant issue facing the industry this year. With the government’s national living wage rising by almost 4% and the Living Wage Foundation’s real living wage increasing by nearly 7%, the impact on service delivery costs is substantial.

“Cleaning, as you probably know, upwards to 70% of our charge to a client is made up of wages,” Phil explained. “So when you see these increases, that has a knock-on effect. Not only does it impact the cost of the cleaning service delivery, but the whole supply chain, all of the component parts that go towards providing that supply chain are impacted as well.”

### Workforce Retention Challenges

Phil emphasised that whilst wage increases are “absolutely essential” to ensure workers can “live sustainably,” the reality remains challenging for many in the sector. He highlighted how numerous cleaning operatives are “doing multiple jobs every day to put together a full-time employment package from five, six, seven jobs per day, which is obviously a very difficult way to exist.”

The labour resource pool faces additional pressure from shifting attitudes towards international workers, who Phil noted form “a substantial proportion” of the cleaning workforce. He stressed their crucial role in the sector.

“It’s absolutely crucial that we as employers are making sure that those guys get a sustainable rate of pay because otherwise we don’t keep them,” Phil said.

#### Employment Rights Act Implications

Phil said that the Employment Rights Act in particular will “change the goalposts” for the industry. The uncertainty surrounding how employees will exercise their new rights has created what he called “a bit of an unknown” for businesses trying to plan ahead.

“Nobody knows how their workforce is going to react,” Phil acknowledged, noting particular concern about changes to Statutory Sick Pay (SSP) that “could have a very acute impact on the way that our businesses operate.”

Despite the challenges, Phil revealed that industry leaders are actively collaborating to understand and prepare for the changes. He described the cleaning industry as “a big family” and “a collaborative collection of people that all get on with each other,” with companies sharing ideas and strategies to navigate the new landscape.

#### Sustainability Pressures Mount

Adding to the complexity, Phil highlighted how ESG changes and the drive towards net zero, whilst “absolutely essential and the right thing to do,” don’t come without cost. He noted that larger businesses face the challenge of implementing changes across “a much wider platform of workforce and of sectors,” despite potentially having deeper pockets than smaller operators.

The cumulative effect extends throughout the supply chain, affecting everything from machinery provision to janitorial supplies, ultimately impacting client sectors such as hospitality, where increased cleaning costs push up “the price of delivering a pint of beer or a plate of food.”

#### A Resilient Sector Ready to Adapt

Despite these multifaceted challenges, Phil remained optimistic about the industry’s ability to adapt, drawing on its history of successfully navigating change. He recalled the “seismic shift” when holiday entitlement changed from 20 days including bank holidays, to 20 days plus bank holidays, noting that whilst it significantly impacted contract costing, “we got around it, we worked on it, and we incorporated it.”

“I’m really proud of our industry,” Phil said. “We’ve got some great minds, some great innovators, and we love finding a solution.”

His key message to clients was one of collaboration and engagement. Phil urged businesses to work with their supply chain partners, saying: “Just engage with your supply chain and say, okay, this is the situation, what are we going to do to work around it?”

Looking ahead, Phil expressed confidence that whilst 2026 will bring “different challenges,” the cleaning

sector's track record of resilience and innovation positions it well to meet them head-on.

"We're incredibly resilient," he concluded. "This isn't something that's come as a surprise. We go through this every single year. But we're up for the challenge."