

April 2010



Turner & Townsend

## Facilities Focus

# news

Welcome to the first edition of Turner & Townsend's Facilities Management (FM) Newsletter. The newsletter is intended to provide an overview of what's going on in the FM industry, and current Turner & Townsend commissions.

### Need for Cost Cutting Creates Opportunities for FM

The current economic climate is driving more and more organisations to look to their FM services as a way to make savings.

Expenditure on property can represent between 10 and 30% of the overall cost of running a business, so even a small saving in percentage terms can produce a significant impact. The cost cutting drive is causing organisations to review both the standard and delivery of their FM services.

Turner & Townsend is seeing an unprecedented number of clients looking for advice in relation to benchmarking their FM service costs, with a strong focus on reducing expenditure and increasing value for money.

### Turner & Townsend Provides FM Design Support for Newport Magistrates Court



Annual operating costs and lifecycle replacement costs are greatly impacted by building design. Early review of the proposed building design has been demonstrated to improve the efficiency of operating buildings. It also has the potential to allow significant reductions in both opex and capex costs. Layout, choice in building fabric and planned facilities are all key factors in shaping the costs associated with the delivery of FM services, which reoccur year on year throughout the building's life. Early consideration at the design stage can provide significant benefits yet incurs little to no costs and prevents potentially expensive alteration works after completion of the building. There is also an intrinsic link

between optimising design, operating costs and improving sustainability through reduced energy consumption.

As part of Turner & Townsend's project management role for the development of the new magistrates court in Newport, our FM consultants have undertaken a comprehensive design review of the facility. The review assessed items such as maintainability, access and access routes, room layouts and adjacencies, ease of cleaning, storage facilities and routing for waste disposal. Embedding the FM considerations in the design and construction stages facilitates a smooth and full handover to the FM contractor who will operate the building. The new court building can now look forward to efficient operation at an optimal cost profile.

### Green Agenda Less Likely to be Priority in 2010

Research recently conducted by the Chartered Management Institute indicates that environmental issues are less likely to be a high priority for the forthcoming year.

Less than twenty percent of managers who took part in the research viewed addressing the environmental impact of their organisation as being a priority for 2010.

Given the current increased focus on cost reduction, it could be considered somewhat short-sighted to overlook the potential linkages between gains in efficiency, from a resource or energy perspective, and improvements in environmental performance.

### FM Consultancy Team Continues to Grow

In line with the continued growth of Turner & Townsend's FM Consultancy business, Alex Westbrook has joined the Manchester office as a Senior Consultant.

Alex has over six years' consultancy experience, working on a wide range of commissions, with a diverse client base bridging both the public and private sectors, both in the UK and abroad.

Alex's project experience includes working on a number of healthcare projects, including acute healthcare PFI/PPP and LIFT projects, as well as a number of BSF schemes.



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[www.turnerandtowntsend.com](http://www.turnerandtowntsend.com)

## Turner & Townsend FM Go Back to School

The FM Consultancy team at Turner & Townsend is currently involved in providing strategic FM advice on a number of



major Building Schools for the Future (BSF) projects, including Brent, Hull and Birmingham. The BSF programme, which is the biggest-ever school buildings investment in England, aims to rebuild or renew nearly every secondary school.

Developing the optimal strategy for the future delivery of FM services forms a key part of the BSF process. In fact Partnerships for Schools (PFS), the government agency with overall responsibility for the delivery of the BSF programme, requires that participating local authorities submit a fully developed FM strategy as an integral part of their outline business case.

The strategy should describe how, by whom and at what cost FM services will be delivered in the schools included within the BSF scheme. The strategy will typically include:

- Service delivery methodology and scope
- Services to be included / excluded from the scope of the scheme
- Affordability issues and risk allocation

PfS is particularly keen for local authorities to demonstrate how their investment in the school estate is protected for the future and that rigorous maintenance regimes are in place throughout the lifetime of the new or remodelled school. This includes a robust approach to planned preventative maintenance and life cycle replacement which must be adequate to ensure the facilities' design life expectations are achieved and meet defined hand back requirements at the end of the concession.

### Viewpoint – The Pensions Issue... A Barrier to Outsourcing?

Every edition of **Facilities Focus** features a Viewpoint section which presents a view on an important subject relating to the field of FM. In this issue Jim Macfarlane, Director of the Asset and Property Management division of Turner & Townsend, discusses the important and often emotive issue of pensions and their impact on service outsourcing.



TUPE Regulations and guidance were enacted to preserve employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new

employer, such as in an outsourcing of services. Most people are aware that staff employed by the previous employer, when the undertaking transfers, automatically become employees of the new employer on the same terms and conditions. In fact, it is as if their contracts of employment had originally been made with the new employer. Continuity of employment is preserved, as are terms and conditions of employment. Not all are aware that pensions, whilst not specifically covered by TUPE legislation, are covered in respect of transfers from public sector to private sector organisations by the Government's 'Fair deal for pensions' guidance. The implications of this guidance are wide ranging.

There is a drive to consider new and more cost effective arrangements for public sector support services; typically this will be where Local Authorities and Government departments concentrate on core deliverables and consider using market forces and mechanisms to deliver a range of services. This includes property solutions in the public sector and can often lead to some form of outsourcing. Whilst the services to be provided can be relatively easily defined and the basic salary and other costs of transferring staff can be readily identified and covered in the commercial proposition, the impact of staff pension rights and obligations, particularly where final salary schemes are involved, can be significant and can represent the biggest risk to an incoming service provider. The spectre of a final salary terminal deficit can be enough, of itself, to undermine a deal.

All is not lost. There are a number of ways to deal with pensions on transfer of undertakings, ranging from use of Admitted Bodies to Broadly Comparable schemes. The issue is that organisations which outsource services with a TUPE transfer element do need to be aware of the implications and plan for them, not just on cost and affordability, but also in terms of the impact on the outsourcing project. It is a well understood truth that a TUPE transfer is destined to fail unless pensions are adequately dealt with. Getting the right advice at the right time allows these risks to be recognised and mitigated early on.

<b>Turner &amp; Townsend's FM Consultancy team provides a wide range of value added services including:</b>	
• <b>FM Healthchecks / Value for Money Reviews</b>	• <b>FM Service Monitoring / Management</b>
• <b>Benchmarking</b>	• <b>FM Design Reviews</b>
• <b>Procurement</b>	• <b>Whole Life Cost Modelling</b>
• <b>Strategic FM Reviews</b>	• <b>PPP FM Support</b>
• <b>Bid Support</b>	• <b>Mobilisation Support</b>

If you would like to discuss any of the content of this newsletter please contact Nigel Herbert on +44 (0)207 544 4000. For more information please visit: [www.turnerandtowntsend.com](http://www.turnerandtowntsend.com)