

## Background

Centrica entered into a national partnership with its Facilities Management service provider under a three-year contract with annual extension options. As the contract approached the end of its initial term, the Service Provider initiated renegotiations using a 'Greenfield' approach.

In parallel, a number of operational challenges prompted the client to review opportunities to reduce costs following the appointment of the current provider. While savings targets had been achieved and the partnership remained constructive, ongoing changes to the estate portfolio led the client's Central Real Estate and FM team to reassess whether the services continued to deliver value for money.

## Brief

Litmus FM was appointed to review the value delivered by the service provider through benchmarking Centrica's total FM spend, followed by an assessment of the proposed Greenfield model.

As part of the review, Litmus FM conducted a series of key stakeholder discussions and undertook sample site visits across the client's estate to gain a first-hand understanding of service delivery.

## Approach

Litmus FM issued requests for information across all sites, including:

- Financial data
- Local Operating Procedures
- The contract and service specifications

Four site visits were carried out by Litmus FM consultants to assess the delivery of in-scope services and verify compliance with contractual requirements and relevant industry standards. During these visits, consultants met with key stakeholders and end users to gather qualitative insights, which informed and validated the site data assessment.

A desk-based analysis of the information provided was then undertaken, leading to the development of a bespoke benchmarking model aligned to the client's specific requirements. The client's services were benchmarked using recognised industry benchmarks alongside Litmus FM's proprietary benchmarking database, which draws on financial data from a wide range of organisations and industry bodies.

The benchmarking exercise covered all FM service lines, including FM Management and Administration, Internal and External Maintenance and Repairs, Cleaning, Mailroom, Security and Reception Services, Waste Management, and Horticultural Services.

## Outcomes

The findings were consolidated into a comprehensive report that provided:

- Clear visibility of performance by service line, confirming areas of strong delivery and highlighting opportunities for improvement, helping both the client and service provider to focus their efforts.
- A robust competitive perspective, offering clarity on how the service provider compared with the wider market.
- A clear and practical mechanism for tracking renegotiation progress, including an objective comparison between the proposed Greenfield model and market alternatives.

The review confirmed that the total cost to the client under the Greenfield budget represented good value for money, with positive outcomes against all relevant benchmarks at an overall cost level. FM Management costs were demonstrably lower than all comparable benchmarks, a trend that was consistently reflected across the wider analysis.

Although salary benchmarking was not within the formal scope of the review, Litmus FM reviewed contractor salary data included in the budget submission. This indicated that salary levels were highly competitive overall, particularly for site-based roles.



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