TrellisMeriden . Governed First-Outsourcing series

CIP without workforce cut

The finance-director case for governed soft-FM outsourcing

White paper 5 of 5 . For NHS DoFs, Chief Executives and Chairs

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Executive summary

Every acute trust in England is running a Cost Improvement Programme in 2026-27 measured in the tens of millions of pounds. Every DoF knows that CIP that lands on the workforce line is CIP that stalls, and CIP that goes to national headlines. This paper sets out how governed soft-FM outsourcing delivers a recurring in-year saving of the order of ten percent against equivalent in-house cost, without cutting workforce and without cutting service, and how that saving is auditable to the DoF's satisfaction.

The mechanism is not headcount reduction. It is bench-strength, procurement scale, capital financed inside the operator's balance sheet, and a governance rhythm the trust would otherwise have to build itself. This paper uses the external cleared case study CS-021 showing a £2.1 million recurring in-year saving on a full soft-FM scope, delivered without workforce cut and with PLACE cleanliness score improving over the same period.

£2.1m	~10%	0	18 months
Recurring in-year saving on CS-021	Typical governed savings vs in-house (Mordor/Priority)	Redundancies on CS-021 transfer	Payback horizon on transfer costs

CIP that lands on workforce stalls. CIP that lands on operating model recurs.

1. Where the ten percent actually comes from

Independent market analysis by Mordor Intelligence, published on the priorityfirst.co.uk aggregator in 2025, places the typical governed-operator saving against equivalent in-house provision at around ten percent of total operating cost. This is not a marketing figure from a soft-FM supplier. It is a market analyst benchmark.

The composition matters, because the DoF who cannot show where the saving comes from cannot bank it in CIP.

Saving component	Where it comes from	Approximate share
Procurement scale	Consumables, chemicals, uniforms, food, waste contractors bought at national-portfolio rates.	35-40%
Bench-strength on staffing	Reduced agency spend on ward-domestic, portering and security cover.	20-25%
Capital inside operator balance sheet	EV portering fleet, chemical-dosing systems, cold-wash laundry financed inside the contract.	15-20%
Governance overhead absorbed	Monthly and quarterly reporting produced by the operator, not by the trust.	10%
Regime modernisation	Move to the 2025 cleanliness standard reduces re-clean and complaints workload.	10%

Notice what is not in this list. Headcount reduction. In a well-designed governed transfer, the workforce count on transfer day is the same as the workforce count on the day before. The savings above sit almost entirely outside pay-bill and inside supply chain, agency, capital and overhead lines.

2. The soft-FM cost baseline. Reading the published market data

Sodexo publishes an indicative soft-FM cost baseline for NHS use in its efficiency-based healthcare insight. The figures below describe an illustrative acute site of nought to two hundred and forty-nine beds, so they are indicative not universal, but they are a defensible starting point for a DoF who wants to size the opportunity before opening a serious conversation.

Service line	Illustrative annual cost (0-249 beds)
Cleaning	£176,020
Portering	£46,415
Food service	£126,156
Other soft-FM	£117,296
Total soft-FM	£465,887

For an acute site of five hundred to a thousand beds, which is where most district general and teaching trusts sit, the illustrative baseline scales into the two to four million pound range for full soft-FM. A ten percent recurring saving on that baseline is two to four hundred thousand pounds per site per year, before any of the modernisation savings above are factored in.

3. Case reference. CS-021 £2.1 million recurring saving

The external cleared case study CS-021 describes a two-site trust that transferred full soft-FM to a governed operating model in 2024. Twelve months post-transfer, the recurring in-year saving against the previous in-house cost baseline was £2.1 million. Zero redundancies. PLACE cleanliness score improved by three percentage points over the same period. The finance transaction was auditable to the trust's external auditors, and the saving flowed through the trust CIP with no adverse workforce impact.

How the £2.1 million broke down

Component	Recurring saving
Consumables and chemicals procurement	£720,000
Agency spend reduction on ward-domestic and portering	£520,000
Capital financed inside operator balance sheet	£380,000 net
Overhead absorbed by operator (governance and reporting)	£240,000
Regime modernisation, reduced re-clean workload	£240,000
Total recurring	£2,100,000

Zero redundancies. PLACE up three points. £2.1 million recurring. CIP the DoF can bank.

4. Why the finance case survives audit

The finance case for governed soft-FM outsourcing survives external audit for four reasons.

One. The saving is on non-pay lines

Because the workforce transfers under TUPE at parity, the pay-bill line is largely preserved. The saving sits on consumables, agency, capital and overhead. These are auditable to invoices and to the operator's monthly report. There is no ambiguity about whether the saving is real.

Two. The saving is contractual, not aspirational

A well-drafted contract commits the operator to a defined saving profile over the contract life. If the operator does not deliver, service credits apply. This is not an efficiency target the trust hopes to reach. It is a contract line the operator has committed to.

Three. The saving is measured against a defined baseline

The finance case is built against the trust's own audited in-house cost baseline for the twelve months prior to transfer. This gives a like-for-like comparison the external auditor can validate. The saving is not compared against a national benchmark.

Four. Governance overhead is absorbed, not moved

In an in-house model, the trust carries the cost of soft-FM governance across estates, finance, procurement and HR. Governed outsourcing absorbs almost all of that into the operator's account team. The saving is real, but it appears as reduced overhead workload on trust corporate functions rather than as a line saving. A good finance case captures that in a corporate-services overhead reduction line.

5. Where the finance case fails

The finance case for governed soft-FM outsourcing fails in three situations, and it fails for the same reasons every time. A DoF looking at a transfer needs to be able to distinguish a well-designed contract from a poorly-designed one.

- Scope too narrow. Transferring only cleaning, or only catering, without the ability to consolidate procurement and bench-strength across the full soft-FM stack, delivers a fraction of the ten percent.
- Contract too short. A three-year contract does not allow the operator to invest capital inside their balance sheet on the trust's site. A five to seven year contract does.
- No baseline. Transferring without a fully audited in-house cost baseline means the trust cannot demonstrate the saving to its auditors or to its board, even if the saving exists.

6. What a DoF should ask before opening the first-outsourcing conversation

- What is our full audited in-house soft-FM cost baseline for the last twelve months, and does it include agency, consumables and corporate overhead?
- What is the scope we would put out to market, and does it include the full soft-FM stack or a narrow subset?
- What contract length would we run, and is it long enough for the operator to invest capital inside their balance sheet on our site?
- What contractual saving profile would we require, and what service-credit regime backs it?
- Would our external auditor recognise the saving as CIP, and have we tested that view with them?

> *The DoF who can answer these five questions is ready to open a serious conversation. The DoF who cannot is running an operating model rather than governing one.*

Sources and notes

All figures verified 30 August 2026. Where a figure is illustrative or derived from a case study, this is stated inline.

• Sodexo UK, Efficiency-based healthcare cost baseline (published, referenced as external evidence). https://uk.sodexo.com/insights/market-trends/2025/efficiency-based-healthcare

• Priority First, How much does facilities management cost UK (Mordor Intelligence source). https://www.priorityfirst.co.uk/insights/how-much-does-facilities-management-cost-uk

• Baacha UK Rain, UK FM market outlook 2025-2028. https://baachurain.com/reports/uk-fm-market/

• NHS England, National Standards of Healthcare Cleanliness 2025. https://www.england.nhs.uk/publication/national-standards-of-healthcare-cleanliness/

• External evidence base, Case study CS-021 £2.1m recurring saving (cleared external, on request). TrellisMeriden. Available on request.

TrellisMeriden

TrellisMeriden curates governed evidence, benchmarks and case references on soft-FM outsourcing across acute, community and mental-health NHS providers. This paper is part of the Governed First-Outsourcing knowledge bank.

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