

1 Introduction

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The municipal organisations in Finland are facing several challenges at this moment. Firstly, due to the decrease in the public financing the organising of public services must be done more and more with similar models than in the private sector. Secondly, the majority of municipal employers is relatively old and near the age of retirement. One third of the employers will retire in the next seven years. The municipalities in Finland are in the same situation as the private companies, i.e. the facilities services are supporting the operations of the core business in the organisation providing the base products and services (Figure 1/1). The elementary problem is how the property and facilities services are arranged relative to the core business of the municipalities, the ownership policy, and the real estate management. The problems of the service providers lay with the differences between the municipalities and the lack of expertise in contracting out.

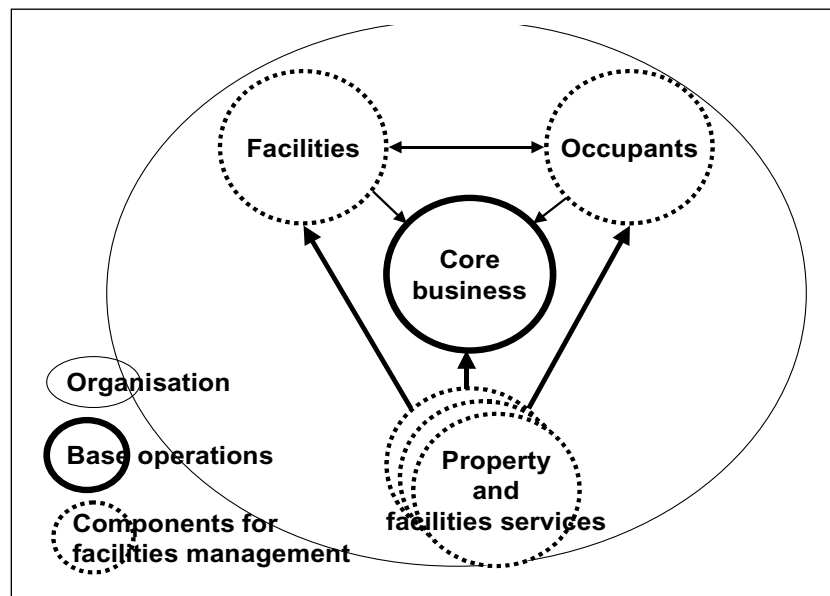


Figure 1/1. Property and facilities services in relation to other operations

The municipal organisations are different even in real estate management, e.g. depending on the size of the municipality, historical background, and different orientation. Control and ownership of the municipal facilities are, however, divided between the owner and the occupant so that one organisational unit, e.g. the facilities unit, is representing the owner, and various administrative branches represent the occupants.

The real property of the Finnish municipalities is 165 million square metres consisting of public buildings (115 million sq.m) and housing (50 million sq.m). The capital and maintenance costs for the public buildings in the municipalities are EUR 12 billion a year. The real property of the municipalities faces many needs for development related to the market development of the municipal facilities management, control of the facilities management in a business economy way, and taking the customer/occupant point of view into consideration. To the private sector the municipal real property market is a chance, since the municipalities are more and more considering contracting out and are outsourcing their facilities services.

1.1 Project Municipalities of the Study

The study of the contracted property and facilities services in the Finnish municipalities was carried out by investigating the eleven pilot municipalities or federations of municipalities. The pilot municipalities belong to different categories in size, population and location. The amount of facilities gives a good look to the differences (Figure 1/2).

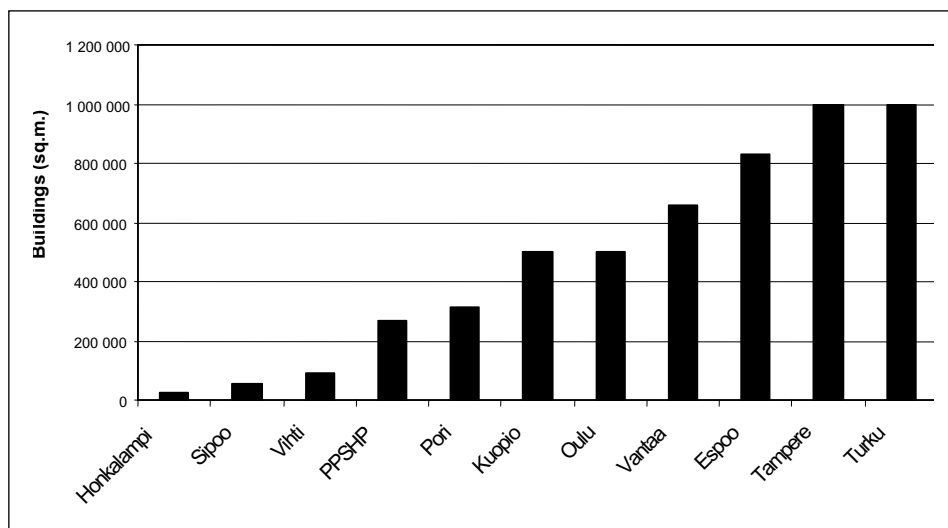


Figure 1/2. The municipalities organised related to the amount of municipal buildings (Soini 2002, p. 49; Siltala 2003)

1.2 Research Project

This publication has been made as a part of the research project “Contracted Services and Advanced Facilities Management in The Finnish Municipalities”. The aim of the study is to create a generally applicable concept by which the contracting out and outsourcing can be achieved in the best possible way in the organisations of different types of municipalities. The organising of the municipal facilities management, i.e. the arrangements of building management and ownership policy, is also treated. The concept will give guidelines to economic building management considering various options, including the option of own production.

Contracting out and outsourcing is tracked in the participating municipalities and federations of municipalities. The operations that can be outsourced and are worth outsourcing will be evaluated, or would the rationalising of the own operations be the best solution. The advantages and problems with the different options will also be clarified, and the most applicable service products, forms of supply and organisations for facilities management will be sought. The outcome will be a quality system for the management and supply of real property and facilities services in the municipalities. The various options for the possession of facilities will also be clarified.

The study will be defined to cover property and facilities services, so it will include both property and occupant services but not the project management. The main stages are: the present situation, needs and problems; domestic and international experiences; options for developing; analysis of the options for developing, and creation of model solutions and concepts.

1.3 Organisation of the Project

The participants and funding organisations, and their representatives in the steering committee of the project are:

Association of Finnish	
Local and Regional Authorities;	Mr. Jorma Ruokojoki, Chairman
City of Espoo;	Mr. Seppo Holste
City of Kuopio;	Mr. Jouni Tiihonen
City of Oulu;	Mr. Jukka Heikkilä
City of Pori;	Mr. Markku Lehtonen
City of Tampere;	Mr. Ilkka Ojala
City of Vantaa;	Mr. Pasi Salo
Municipal Federation of Honkalampi;	Mr. Jari Kuokkanen
Municipal Federation of	
North Bothnia	
Hospital District (PPSHP);	Mr. Heikki Salumäki

Municipality of Sipoo;	Ms. Ilona Nokela
Municipality of Vihti;	Mr. Erkki Eriksson
Engel Services Ltd.;	Mr. Kauko Pellikka and Mr. Jorma Yrjö-Koskinen
Tekes (the National Technology Agency of Finland);	Ms. Tiina Tanninen-Ahonen, Ms. Kaisa Leiwo and Mr. Kaj Hedwall
Helsinki University of Technology;	Professor Kari I. Leväinen

The project manager is Professor Kari I. Leväinen from the Institute of Real Estate Studies, Helsinki University of Technology. The main researcher of the project is Mr. Mika Siltala. Mr. Asko Kauppinen has been appointed as a part-time senior researcher for the project. Mr. Antti Soini, Mr. Jani Winter, Ms. Anna-Liisa Sarasoja, Ms. Elina Estama and Mr. Aki Härmä have acted as Research Assistants.

1.4 This Publication as a Part of the Project

This publication deals with the international experience. The countries involved are Finland, The Netherlands, Norway, Sweden, The United Kingdom and The United States. The authors are Professor Brian Atkin, Lund University/Competitive Building programme, Professor Andreas F. van Wagenberg (University of Wageningen), Professor Tore I. Haugen (Norwegian University of Science and Technology), Professor Keith Alexander (University of Salford) and Professor Leonard V. Zumpano (University of Alabama). The articles are based on the working seminar of the project held in Finland in Spring 2002. Articles contains following topics:

- general experiences in contracting out in different countries municipalities
- present situation about the organisation of municipalities, tasks and functions of municipalities, the amount of buildings and development and experiences of contracted property and facility management services
- legislations
- contracting out; reasons, benefits, drawbacks, list of services that are contracted, bidding process, treatment of personnel in outsourcing issues
- other issues for example savings, own examples, and advice for other countries.

References

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Siltala, Mika. Contracted Property and Facilities Services in Municipalities (Local Government) in Finland, paper presented in Euro FM conference, Rotterdam 16.5.2003.

Soini, Antti. Tilapalveluiden organisointi kunnissa. M.Sc. thesis. Helsinki University of Technology. Espoo 2002.