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Procurement of facility-related services – Guide

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Foreword

Publishing information

This British Standard is published by BSI and came into effect on 31 December 2011. It was prepared by Technical Committee FMW/1, *Facilities management*. A list of organizations represented on this committee can be obtained on request to its secretary.

Information about this document

The initial drafting of this British Standard was produced in association with BIS as part of their on-going programme of support for standardization.

Use of this document

As a guide, this British Standard takes the form of guidance and recommendations. It should not be quoted as if it were a specification and particular care should be taken to ensure that claims of compliance are not misleading.

Any user claiming compliance with this British Standard is expected to be able to justify any course of action that deviates from its recommendations.

It has been assumed in the preparation of this British Standard that the execution of its provisions will be entrusted to appropriately qualified and experienced people, for whose use it has been produced.

Presentational conventions

The provisions in this standard are presented in roman (i.e. upright) type. Its recommendations are expressed in sentences in which the principal auxiliary verb is "should".

Commentary, explanation and general informative material is presented in smaller italic type, and does not constitute a normative element.

Contractual and legal considerations

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Compliance with a British Standard cannot confer immunity from legal obligations.

In particular, attention is drawn to the following specific Acts and Regulations:

- The Equality Act 2010 [1]
- The Competition Act 1998 [2]
- The Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2009 [3]
- The Public Contracts (Amendment) Regulations 2009 [4]
- The Freedom of Information Act 2000 [5]
- The Environmental Protection Act 1990 [6]
- The Health and Safety at Work etc. Act 1974 [7]
- The Construction (Design and Management) Regulations 2007 [8]
- The Bribery Act 2010 [9]
- The Data Protection Act 1998 [10]
- The Working Time (Amendment) (No. 2) Regulations 2009 [11]

Introduction

Facility-related services form supporting structures to the core business of an organization. The range and extent of such services can be broad and are subject to the specific needs of the procurer and their end-users. Facility-related services might include, for example, cleaning, security, waste disposal, pest control, building maintenance, building services maintenance, minor construction works, reprographics, helpdesk, catering, energy supplies and IT. In procuring facility-related services externally, an organization has taken the decision to outsource. However, the procurement of such services extends beyond simple purchase and supply decisions to represent a major and integral part of an organization's facility management. It is for this reason that it is important to ensure that it is carried out in a way that is both consistent and thorough, taking into account all of the necessary factors that are most likely to result in end-user satisfaction and the selection of a service (or services) that demonstrates best value for money.

While this British Standard has been developed on the basis that contracts for the provision of facility-related services are likely to be awarded following a tender competition, it is also acknowledged that it is possible to procure facility-related services in other ways. For example, a contract could be negotiated with one or more service providers or a partnership could be formed between the procurer and the service provider. In such cases, procurers are not precluded from using the guidance in this standard, but are advised to decide which clauses apply and which do not, and to communicate this to the other parties involved.

Other aspects of the procurer, such as its size and the size of the facilities can be factors in determining the extent to which some areas of the guidance in this standard apply. In such cases, the approach might be scaled so that benefits from following an integrated method and procedures are realized. Where multiple facilities or locations are involved, application of this standard across all facilities can bring additional benefits from a more consistent approach to procurement. These include improved transparency within the decision-making process and the ability to benchmark performance and costs, thus enabling inefficiencies and waste to be highlighted and removed. Ultimately, the procurer is likely to gain advantage from an increasingly efficient use of resources and a defined and streamlined approach to procurement.

1 Scope

This British Standard provides owners, operators, tenants, facility managers and property managers with guidance and recommendations for the procurement of a broad range of services that are required to support the physical assets making up a facility and the needs of users of that facility. It covers both new and existing facilities.

This standard is applicable to organizations facing re-tendering of facility-related services and those entering directly into the later stages of the procurement process, notably mobilization and performance review.

While this British Standard covers the procurement of facility-related services within the private sector and, in particular, for commercial and industrial premises, it does not cover those areas of public sector procurement of facility-related services which are covered by public procurement regulations.

It is also not applicable to the procurement of services required to deliver a facility, including those forming an integral part of a public-private partnership (PPP) or to the provision of in-house services.

NOTE BS 8534 covers the procurement policies, strategies and procedures for the delivery of a facility. BS 8536 covers operational needs in the delivery of a facility.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

BS 8300:2009+A1:2010, *Design of buildings and their approaches to meet the needs of disabled people – Code of practice*

BS 9999:2008, *Code of practice for fire safety in the design, management and use of buildings*

BS EN 15221-1, *Facility management – Part 1: Terms and definitions*

BS EN 15221-2, *Facility management – Part 2: Guidance on how to prepare facility management agreements*

BS ISO 10845-1, *Construction procurement – Part 1: Processes, methods and procedures*

BS ISO 10845-2, *Construction procurement – Part 2: Formatting and compilation of procurement documentation*

3 Terms, definitions and abbreviations

3.1 Terms and definitions

For the purposes of this British Standard, the terms and definitions given in BS EN 15221-1, BS EN 15221-2, BS ISO 10845-1, BS ISO 10845-2 and the following apply.

3.1.1 access

approach, entry, internal circulation or exit, including in cases of emergency

[BS 8300:2009+A1:2010, 3.1]

3.1.2 accessible

capable of being accessed and used by disabled people

[BS 8300:2009+A1:2010, 3.2]

3.1.3 competent person

person, suitably trained and qualified by knowledge and practical experience, and provided with the necessary instructions, to enable the required task(s) to be carried out correctly

[BS 9999:2008, 3.23]

3.1.4 corporate social responsibility (CSR) policy

statement of the measures taken by an organization to act as a good citizen and to further society's interests in a sustainable future

[BS 8536:2010, 3.16]

3.1.5 deliverable

product or service as an outcome of a process

[BS 8536:2010, 3.17]

3.1.6 end-user

recipient of facility-related services

NOTE Recipients include occupants and other users of a facility.

- 3.1.7 environmental policy**
overall intentions and direction of an organization related to its environmental performance as formally expressed by top management
[BS EN ISO 14001:2004, 3.11]
- 3.1.8 e-tendering**
electronic tendering process involving exchange of documentation in electronic format
- 3.1.9 facility-related service**
service supporting the primary activities of an organization, delivered by an internal or external provider
- 3.1.10 informed client function**
individual or group within an organization, specifically designated to act as the client or customer in a procurement transaction, who are expert in procurement
- 3.1.11 operational strategy**
overall approach to managing production or use of a facility
- 3.1.12 operator**
organization responsible for the day-to-day operation of a facility
[BS 8536:2010, 3.42]
- 3.1.13 outcome**
end-result of a process, such as the delivery of a product or service
[BS 8536:2010, 3.43]
- 3.1.14 performance**
ability to fulfil required functions under intended use conditions or behaviour when in use
[BS ISO 15392:2008, 3.16]
- 3.1.15 primary process**
process, identified by an organization, as essential to the provision of a service or product in its value chain, direct to its customers
- 3.1.16 procurement policy**
generic policy applying to all procurements of the procurer and informs all subsequent stages of the procurement process
[BS 8534:2011, 3.10]
- 3.1.17 procurer**
individual or body responsible for procuring goods or services
NOTE The procurer can be the owner, operator or tenant of a facility procuring facility-related services, or their authorized agent.
- 3.1.18 provision**
functional, operational or user requirement (demand and/or preference) in relation to a facility
- 3.1.19 quality**
degree to which a set of inherent characteristics fulfils requirements
[BS ISO 9000:2005, 3.1.1]

3.1.20 RASCI chart

responsible, accountable, supported, consulted and informed chart that is used to summarize the roles and functions performed in the procurement process and the activities within it

NOTE A RASCI chart can highlight gaps in available skills or competence that the procurer needs to address before proceeding and might also be used to indicate adherence to corporate governance requirements.

3.1.21 scope creep

uncontrolled changes to the agreed scope of the facility-related service being provided

3.1.22 service provider

party supplying the facility-related service

NOTE The terms "contractor" and "supplier" are often used in practice to refer to contracted suppliers of services.

3.1.23 stakeholder

person or entity with an interest in or concern about a facility

[BS ISO 15686-10:2010, 3.30]

3.1.23.1 external stakeholder

individual or group outside an organization having an interest in the activities of that organization

3.1.23.2 internal stakeholder

individual or group within an organization

3.1.24 sustainability

enduring, balanced approach to economic activity, environmental responsibility and social progress

[BS 8536:2010, 3.64]

3.2 Abbreviations

For the purposes of this British Standard, the following abbreviations apply.

CSR	Corporate social responsibility
IT	Information technology
KPI	Key performance indicator
PQQ	Pre-qualification questionnaire
RASCI	Responsible, accountable, supported, consulted and informed
RFI	Request for information
RFP	Request for proposal
RFQ	Request for quotation
SLA	Service level agreement

4 Primary processes

4.1 Roles, responsibilities and accountabilities

Procurement of facility-related services should be regarded as a distinct function within the procurer's organization and, as such, should be covered by a designated role. Formal systems, processes and procedures should be assessed to determine whether or not arrangements covering facility-related services have been included and, if so, how these might apply.

NOTE 1 The organization is expected to have a distinct function for the procurement of goods and services generally, although perhaps not specifically, in relation to facility-related services. It is important to clarify this position before embarking upon the procurement of any services that are facility-related.

The procurer should determine where responsibilities and accountabilities rest with respect to defined roles in the procurement of facility-related services. Where tasks to be performed fall outside existing roles, the organization should consider designating additional personnel for this purpose. The need for expert advice from external sources to supplement any lack of internal skills and competence should be ascertained. Where found necessary, additional roles should be defined and incorporated alongside those existing. The procurer should identify all roles that are connected with the function of procuring facility-related services and ascertain their nature and the relationship between them. Where the procurer is unable to fulfil required roles, the appointment of a managing agent (or other consultant) should be considered (see 5.11).

The procurer should develop an informed client function to serve its broader and long-term interests in the procurement of facility-related services. The informed client function should be maintained to enable an appropriate level of communication and cooperation between the procurer and service providers as part of a mutual commitment to continual improvement.

NOTE 2 Procurers acting as informed (i.e. expert) clients are more likely to achieve end-user satisfaction and best value for money in their procurement of facility-related services than those without an informed understanding. The informed client function applies irrespective of the size or type of organization procuring services. In the absence of an informed client function, the procurer might fail to establish the most appropriate basis or arrangement for its services as well as risking under or over-specifying its requirements.

4.2 Planning for procurement

A plan of the procurement process should be prepared to identify the stages involved and activities within them. The plan should take the form of a schedule in which stages, planned activities and their resources, decision points and milestones are shown against a time-scale.

NOTE 1 Planning for procurement is a project in its own right. A schedule can take the form of a Gantt chart or precedence diagram. Resources include finance, budgets, human resources, consumables, equipment and IT. Milestones cover commencement dates, completions and deadlines. Approvals and other key decisions are better considered as activities having durations and not as milestones since they are rarely, if ever, instantaneous events (i.e. having a duration of zero).

The plan should complement existing processes and procedures, and align with the requirements of corporate governance.

The plan should identify:

- stages and decision points (or gates) in the procurement process;
- criteria for decision-making;
- activities within stages and their sequence;

- sources of information and data to be used in activities;
- individuals and external organizations to be involved in activities and their roles;
- other stakeholders who might be involved;
- resources needed to support the activities; and
- deliverables at each stage and the form they should take.

The plan should incorporate the tendering process and procedures to be adopted (see 6.6).

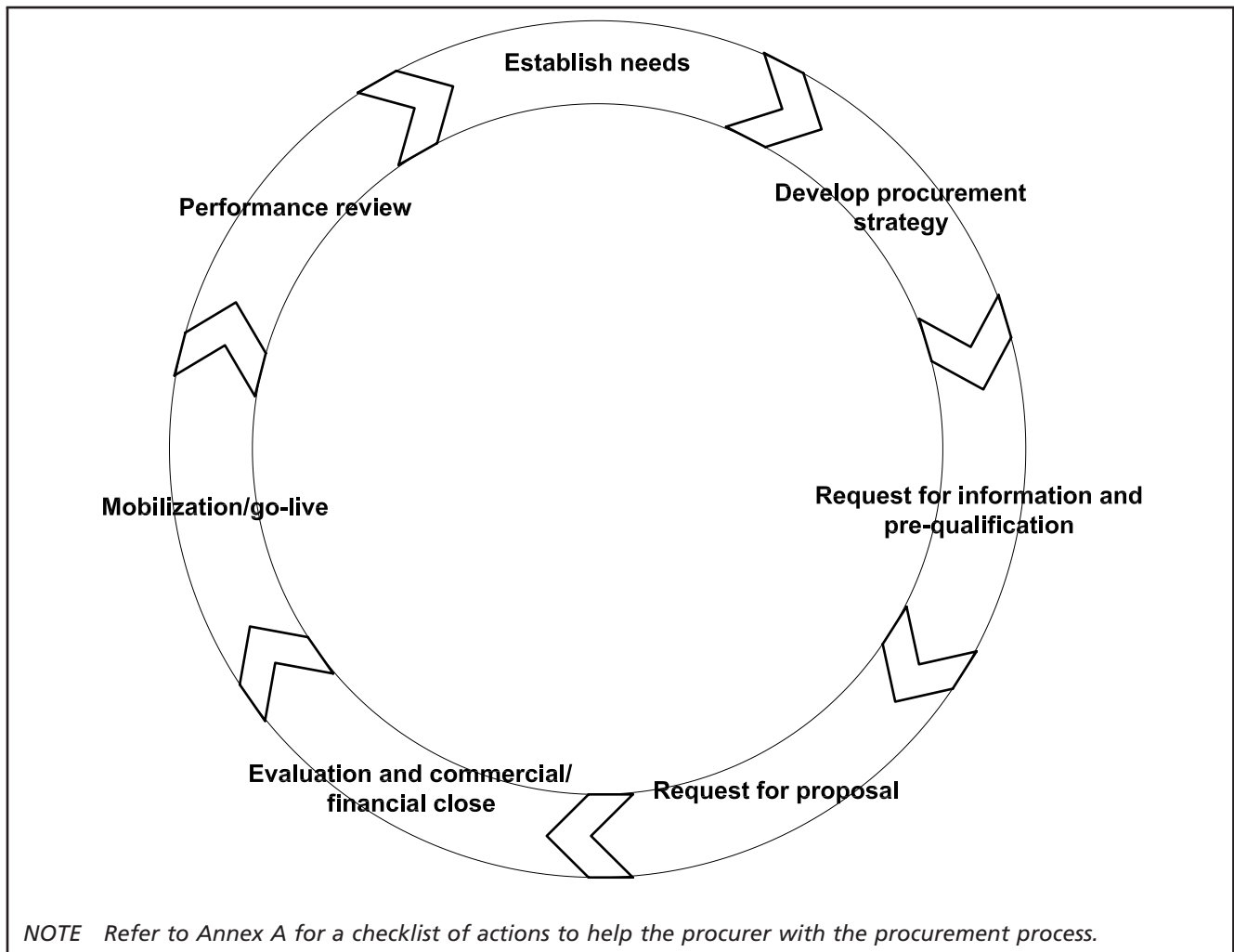
NOTE 2 The plan serves as a roadmap for the procurer in helping the service provision progress from where it currently stands to where it needs to be. A well-prepared plan provides transparency and can aid the correct application of the guidance and recommendations offered in this British Standard.

NOTE 3 Stakeholders can be a rich source of ideas, advice, information and data (see 5.5). End-users of facility-related services are one such stakeholder group whose interests and needs are central to procurement (see 5.6). Attention is drawn to statutory obligations relating to stakeholder engagement such as those arising in connection with planning, employment and equality legislation (see commentary to 5.14).

The procurer should consider adopting the following stages in its procurement process, as shown in Figure 1.

- a) Establish needs (see 4.4 and Clause 5).
- b) Develop procurement strategy (see 4.5 and Clause 6).
- c) Request for information (RFI) and pre-qualification (see 4.6 and Clause 7).
- d) Request for proposal (RFP) (see 4.7 and Clause 8).
- e) Evaluation and commercial/financial close (see 4.8 and Clause 9).
- f) Mobilization/go-live (see 4.9 and Clause 10).
- g) Performance review (see 4.10 and Clause 11).

Figure 1 The procurement process



4.3 Facility management strategy

The procurer's approach to facility management should be summarized and documented in a facility management strategy. This should include the following:

- business objectives, main drivers and constraints (see 5.2 and 5.3 respectively);
- split between core and non-core business (see 5.2);
- geographical location (see 6.3);
- organization culture (see 7.3);
- sustainability (see 7.4);
- corporate social responsibility (CSR) (see 7.6);
- scope of services (see 5.4 and 5.8);
- special service requirements and hazardous operations, where applicable;
- end-users and other stakeholders (see 5.6 and 5.5 respectively);
- access, inclusion and equality objectives and strategies (see 7.5);
- portfolio and space (see 5.7);
- existing basis and arrangements for service provision (see 5.8);

- risks and opportunities (see 5.10);
- plan and process for procuring and managing services (see 4.2);
- resources for procuring and managing services and their cost;
- source of finance or budgets for procuring and managing services; and
- management of information for planning and controlling services.

A summary of these categories should be made available throughout the procurement process and updated when any modifications are made to the facility management strategy or when additional information regarding its content is made known.

NOTE 1 The facility management strategy is the cornerstone of facility management. Managing facilities efficiently and effectively requires the development of a robust strategy that can accommodate change without losing sight of the procurer's business objectives and other strategically-important considerations. It provides context for the definition, specification and delivery of facility-related services.

NOTE 2 Service contracts are normally awarded on a multi-year basis and so draw on finance in different accounting periods.

4.4 Establish needs

The procurer should determine current and likely future needs in regard to facility-related services. See Clause 5.

4.5 Develop procurement strategy

The procurer should develop a procurement strategy with attention paid to the form of service provision and type of service provider. See Clause 6.

4.6 Request for information (RFI) and pre-qualification

An RFI or a PQQ should be prepared by the procurer and used to determine the suitability of prospective service providers. See Clause 7.

4.7 Request for proposal (RFP)

An RFP should be prepared in outline for each single service or bundled (or multiple) services. See Clause 8.

4.8 Evaluation and commercial/financial close

The procurer should define the criteria by which each tender as represented by an RFP is evaluated and judged suitable as a basis for a service contract. See Clause 9.

4.9 Mobilization/go-live

The procurer should implement plans for delivering the specified service and check that there are sufficient and adequate resources for delivering it. See Clause 10.

4.10 Performance review

The procurer should schedule and carry out regular performance reviews to identify any corrective actions that might be necessary. See Clause 11.

5 Establish needs

5.1 General

A baseline should be set by the procurer for the procurement of facility-related services. This baseline should serve both as the starting point for procurement and as a subsequent reference for comparing actual performance in service provision (see 5.7, 5.8 and 5.9) with that established or planned at the start of the process. The procurer should be realistic about its needs and should differentiate between those services that are absolutely necessary and those that are desirable or which might be, for example, justifiable or affordable at a later date.

The procurer should determine and document current and likely future needs in regard to facility-related services, including any phasing or deferral until a later date. The following subjects should be included:

- business objectives (see 5.2);
- main drivers and constraints (see 5.3);
- scope of services (see 5.4);
- stakeholder engagement and communication (see 5.5);
- end-user needs (see 5.6);
- portfolio and space (see 5.7);
- current arrangement for the provision of services (see 5.8);
- market for services (see 5.9)
- risks and opportunities (see 5.10);
- options for service provision (see 5.11);
- criteria for evaluating options (see 5.12);
- outsourcing policy (see 5.13); and
- constraints or limitations imposed by current or pending legislation (see 5.14).

5.2 Business objectives

A statement on the nature of the procurer's business operations and its objectives, including any planned extensions and additions or closure of operations, should be prepared. The content of the business objectives statement should distinguish between core and non-core business. The contribution of facilities in support of the core business should be outlined. Special requirements or targets that have to be met should be included in the statement, together with key milestones and other material facts that might help to define the operational strategy for procuring facility-related services.

The procurer should identify factors that are critical to the successful operation of its core business within its business objectives statement, and explicitly state the extent to which its facilities and, in particular, the facility-related services are expected to contribute to them. The basis for measuring progress towards achieving these critical success factors should be stated (see 8.5 and 11.7).

COMMENTARY ON 5.2

As a support service to the core business of an organization, facility management exercises a pivotal role in the achievement of business objectives (or goals). Where facility-related services are procured independently of the facility management function, there is the risk of compromising business objectives. Alignment between the objectives implicit in delivering facility-related services at the operational level and the facility management strategy and (strategic) business objectives is essential to enabling facilities, and management thereof, to support the core business. The contribution of facilities to the success of the procurer's organization in meeting its business objectives has to be explicit if informed decisions are to be made and appropriate arrangements put in place, not least those concerned with the procurement of facility-related services.

5.3 Main drivers and constraints

Factors driving or constraining the current and likely future business of the procurer's organization should be identified. These factors represent external and internal impacts on the business and should be understood before embarking upon procurement. Internal drivers and/or constraints include personnel, tasks and information; whereas, external drivers and/or constraints include availability of resources, competition for goods and services, finance and credit.

Other influences can result from innovations in technology and changes in society. The procurer should be aware of the extent to which these and other factors can impact on the core business, its operations and support services. Factors that are critical to the success of the business should be distinguished from those that are important but of low potential impact.

Identified drivers and constraints should be considered in each stage of the procurement process in terms of how they might negatively or positively impact decision-making and outcomes (see 5.10).

5.4 Scope of services

The extent of facility-related services needed by the procurer should be outlined, with each service separately identified. The broad expectations of the facility's end-users in this regard should be summarized for each service (see 5.6).

An all-encompassing expression or statement of needs that represents the entire scope of services to be provided should be created and documented. This should include a definition of the scope of each service, noting relationships and interfaces with other services such as shared responsibilities and contingency arrangements, as well as explicit declarations of any assumptions and exclusions.

COMMENTARY ON 5.4

The procurer's facility management strategy serves as a continual reminder of the broader context within which needs and expectations are considered. Together with a summary of business objectives, drivers and constraints, the procurer is well-placed to assess needs and expectations in terms of the required scope of facility-related services.

One way of capturing the scope of services is to use a mapping (or mind mapping) tool. Advantages of creating a map include the ability to spot possible gaps and overlaps between services, as well as the connections between them. A challenge in this task is in delineating services so they can be defined both individually and collectively as would occur when a number of services are bundled (see Clause 6).

5.5 Stakeholder engagement

Stakeholders should be involved in discussion about the arrangements for facility management in general and facility-related services in particular to an extent that is determined by the outcome of a stakeholder impact assessment. Stakeholders should be involved in specifying facility-related services if their needs, including those identified during the preparation of the facility management strategy (see 4.3) and in regard to end-users (see 5.6), are to be properly addressed and communicated. A communication plan should be prepared to assist in this task.

Effective communication between the procurer and service providers (another stakeholder group) should be maintained to enable the implementation of a facility management strategy (in terms of the broad approach to the procurement of services) which is both understood and capable of being acted upon. Clear and regular communication is required to develop relationships.

Where applicable, the appointment of a managing agent (see 5.11) or other consultant to fulfil the role of procurer (see 4.1) should be made in sufficient time to allow consultation with stakeholders to take place.

COMMENTARY ON 5.5

For ease of classification, stakeholders can be divided into internal and external. The procurer's external stakeholders are those affected by the facility, but not directly involved in the operation of it; for example, neighbours, the community and general public. Internal stakeholders are generally dominated by those defined as the end-users of services. Other stakeholders include senior managers with responsibility for core business activities. Attention is drawn to statutory obligations relating to stakeholder engagement such as those arising in connection with planning, employment and equality legislation (see commentary to 5.14).

The operation of a facility can affect a variety of interests. Various positive effects include creating better communications, a healthier and safer workplace and higher standards of productivity. Even so, new or altered facilities bring change at the operational level affecting end-user interests. Stakeholders, as the representatives of these interests, are an integral part of the process of consultation. Early involvement of all affected stakeholders is necessary to enable views and concerns to be actively canvassed and adequately taken into account.

Since contracts for facility-related services involve the delivery of services within occupied environments, the way in which services are delivered and the manner in which stakeholder communication occurs becomes increasingly important as the services embed themselves into day-to-day operations. Maintaining a clear understanding between the procurer, end-users and service providers of operational requirements, as well as the obligations of each stakeholder group, is a continual process of engagement through communication.

5.6 End-user needs

All stakeholders should be involved in defining their needs and the level of performance that is acceptable. This task includes:

- involving stakeholders, as far as practicable, in identifying their needs through, for example, the use of questionnaire-based surveys and in contributing to the drafting of service specifications and service levels (see 8.3 and 8.4 respectively);
- identifying diversity of need such as when seeking to include people with disabilities or other individuals' specific needs;

NOTE Attention is drawn to the Equality Act 2010 [1].

- prioritizing the needs of stakeholders; and
- controlling stakeholder input and changes once service specifications and service levels have been agreed in order to avoid scope creep.

COMMENTARY ON 5.6

The end-users of facility-related services are in a unique position to be able to provide feedback and make judgements on the extent to which services satisfy or are likely to satisfy requirements. They might not, however, be best placed to form a view on whether or not the procurer is achieving best value for money in the procurement of those services. Nonetheless, end-users might be able to offer insights into how a given service might be performed differently, better and at lower cost.

Questionnaires can be effective tools for eliciting information from stakeholders. Care needs to be exercised when drafting questionnaires to enable respondents to provide information that the procurer requires to form a deep understanding of needs as opposed to answers that might be of superficial interest only. Closed questions that result in "yes" or "no" answers are unlikely to probe deeply enough. On the other hand, questions that require a response to a statement against a scale from, for example, "totally agree" to "totally disagree" are likely to result in a more informed understanding. Questionnaires that seek opinions and impressions are therefore preferable to those of an exclusively quantitative nature.

Prioritization of needs by stakeholders helps to focus on those attributes of a service that are considered to be more important than others. The procurer might find it necessary to mediate between different or competing priorities in the interest of economy and/or practicability, and can do so on the basis of reliable survey results.

Some procurers might find that they are defining their needs for the first time. In such cases, there is the chance they might unknowingly specify a higher level of service than is necessary and that, as a result, tenders might subsequently prove to be higher than forecast. Discussion with prospective service providers might reveal over-specification which can be corrected without sacrificing quality/performance or compromising health, safety, security and sustainability.

5.7 Portfolio and space audit

Significant changes in the portfolio should be embodied in the statement of the procurer's business objectives (see 5.2). An audit of the procurer's portfolio should be undertaken to assist in establishing the extent of facilities (or space) that qualify for service provision, noting the kind of services involved. Account should be taken of the utilization of that space (i.e. space efficiency) when determining the level of servicing requirement. Allowance for growth and/or reduction in the demand for space and its phasing into the future should be incorporated, as far as practicable, in the assessment of this provision. Space for service provision should also be assessed and conform to BS 8300 and BS 9999 in order to achieve an inclusive environment that anticipates the needs of people with disabilities.

The requirement for maintenance can impact negatively on the beneficial and economical use of space. The nature, extent and frequency of maintenance should be assessed to help determine whether or not space is appropriate to support current and likely future needs. The cost of providing space, maintaining and upgrading it, should be considered alongside the cost of servicing.

Events that might impact the procurer's use of space negatively and positively should be investigated. Risk and opportunity assessment should be undertaken periodically and a risk register kept up-to-date for each facility (see 5.10).

COMMENTARY ON 5.7

The extent to which facility-related services are required depends on, amongst other things, the type, number and size of facilities for which the procurer is responsible, i.e. the portfolio. Changes in the use of technology, especially IT, can impact upon the type and amount of space required, although not necessarily in terms of a decrease. Space is rarely provided without charge and so superfluous space represents waste. The servicing of space can represent a significant cost item within the overall budget for operating and managing a facility. It is important that the procurer is able to establish that it has the space it needs and can afford. Comparing the cost of different spaces might reveal situations where some space is inefficient and/or uneconomical. Benchmarking can help to raise awareness among stakeholders of the cost of providing, maintaining, upgrading and servicing space.

5.8 Services audit

Where applicable, the procurer should critically review the current delivery of facility-related services by considering, as a minimum, the following aspects.

- *Policy.* An examination of existing policy in terms of corporate guidelines and standards, performance standards, quality assurance, health and safety and any relevant statutory obligations, human resources, finance and approvals.
- *Processes and procedures.* Definition of business processes, including budgeting, procurement, purchasing approvals and payments.
- *Service delivery.* Audit of all aspects of the facility management strategy and delivery of services, including their cost, as well as relationships with end-users (especially in regard to quality/performance, cost and time objectives).

In carrying out a review of such aspects, the procurer should consider making use of benchmarking as a method for measuring current levels of performance, outputs and outcomes.

NOTE Measuring a process, as in the case of benchmarking, is an aid to understanding that process and can provide insights into how it might be improved. BS EN 15221-7 ¹⁾ will provide guidance on performance benchmarking in the context of facility management.

5.9 Market audit

The procurer should consider testing the market at intervals to determine the extent to which current service delivery matches that available, including the cost of services (see 6.5). Frequent attempts to test the market can prove counterproductive and should be avoided.

COMMENTARY ON 5.9

Understanding how the market for services is developing and what trends might be emerging provides the procurer with insights into potential opportunities and innovations, as well as alerting them to possible dangers. Discussion with existing and prospective service providers extends understanding by enabling judgements to be formed on the capacity available to meet the procurer's planned demand for services.

¹⁾ Currently in preparation.

Appropriate use of the market can include comparisons of current prices and rates for services using published data, indicative cost estimates from service providers and participation in a benchmarking club. An awareness of the state of the market for services means that at any time a judgement can be formed as to whether or not a preferred option (see 5.11) is the most appropriate. Some of the requisite information, however, might already be contained within market audits carried out during the preparation of the portfolio and space audit and services audit (see 5.7 and 5.8 respectively).

The terms cost and price are sometimes used interchangeably. Even so, it is important to distinguish between cost, being a sum that the procurer might use for budgetary purposes, and the price, being the sum paid to the service provider for delivery of the service.

5.10 Risks and opportunities

Factors or events that could have a potentially negative or positive impact on the delivery of facility-related services should be identified. This task should cover the procurement process in its entirety and should not be confined to service delivery following contract award. In the case of negative impacts (i.e. risks), the procurer should establish prior criteria for judging whether or not they might be classified as significant. All risks should be recorded in a risk register which should be kept up-to-date.

Significant risks should be evaluated and the most appropriate basis for mitigating them, including the party best able to manage the risk, should be determined, agreed and recorded. The procurer should include cost contingency in budgets and time contingency in schedules based on the outcome of evaluations.

Opportunities should be assessed in terms of their potential to improve end-user satisfaction and achieve better value for money.

COMMENTARY ON 5.10

A serious attempt to identify risks is likely to produce a large number of items in a short time. Risk is embedded in commercial undertakings and it can prove impractical to assess and evaluate all but those which are deemed significant in the time that might be available. The prior establishment of criteria for judging whether or not a risk might be classified as significant can expedite assessment of impact in terms of health, safety, priority, cost, time, performance, productivity, reputation or other factor considered important. Some quantification of cost and time impacts is desirable. A service contract is based on a certain amount of risk-taking by the service provider and the procurer. Unbalanced risk allocation between the parties, or an attempt by one party to mitigate a risk it is ill-equipped to handle, can increase costs needlessly. Understanding which party is best able to manage a particular risk is necessary.

Questionnaires and checklists (see 5.6) are appropriate tools for identifying risks in services. A first screening or preliminary assessment can then be made of the probability and consequences of such risks – a qualitative assessment – to determine which might be classified as significant. Evaluation of significant risks – a quantitative analysis – can then take place and appropriate contingency included in budgets and schedules.

5.11 Development of options for service delivery

The procurer should consider which option for service delivery most closely matches identified needs. Account should be taken of the extent to which the procurer has developed the informed client function (see 4.1). In cases where the procurer believes the function to be underdeveloped it should consider an arrangement that supplements its current capability.

The following options might provide an appropriate basis.

- *Managing agent.* The appointment of a specialist as a representative of the procurer to take responsibility for managing the procurement of one or more service providers.
- *Managing contractor.* The appointment of an organization to manage all service providers as if they were part of a single contracting body, where the contractor is paid a fee for providing this arrangement (often as a percentage of the value of service contracts).
- *Managed budget.* A variation on the managing contractor in which responsibility for management, including payment, of service providers is taken by the contractor within an agreed budget and where the latter is paid a fee related to the resources it consumes in managing the arrangement.

The procurer should consider the extent to which it has to retain and/or maintain its own management function and resources. Adopting any of these options does not relieve the procurer of the need to manage the relationship with the agent or contractor. There are resource and cost implications in all cases and these should be assessed before a final decision is taken.

Where the procurer considers there to be a sufficiently developed informed client function and has the resources to manage service contracts directly, it should consider using the following options.

- a) Single-service providers.
- b) Bundled (or multiple) services provider, where two or more services are delivered by one service provider.
- c) Total service (or total facility management) provider, where all services are delivered by one service provider.
- d) Agency, where personnel are hired from a supplier as and when required.

Selection of the most appropriate option or combination of options should have regard to the resources and costs involved in managing the relationship with each service provider. Allowance for these indirect costs should be included within budgets.

COMMENTARY ON 5.11

More likely than not, organizations require a number of facility-related services rather than a single service. Services can be delivered in a number of ways, for instance, as single (i.e. individual) supplies, in bundles or as a total service provision. There are implications in opting for any of these arrangements; for example ability to attract competitive tenders, ongoing management of service providers and commercial risks to which the procurer is exposed. Deciding which services might be bundled, or not, is an integral part of determining procurement strategy (see Clause 6).

Attention is drawn to the Competition Act 1998 [2] regarding competition law.

Single-service providers and bundled (or multiple) service providers are not mutually exclusive. A combination of single service and bundled service providers is not uncommon. The bundled (or multiple) services option can involve more than one service provider where each is responsible for two or more services. Under the total service or total facility management option, the procurer is moving in the direction of an arrangement seen in the managing contractor or managed budget options noted earlier. A difference is that the total service provider is offering a "one-stop shop" or single-point of responsibility based on the integration of a number of services. There is no universal model for total service providers as each is likely to position itself differently in the market with the result that some services might not be offered. Flexibility and the ability to make changes following contract award are amongst requirements which the procurer might need to consider.

The option of using an agency can assist in situations where there is a temporary need for personnel, but it cannot be considered to be a reliable and sustainable option for delivering services.

5.12 Criteria for evaluating options

5.12.1 General

The procurer should identify those attributes of service that are important in each defined scope of service to establish the basis for determining the suitability of available options (see 5.11).

An option evaluation matrix is included in Annex B as an example of a structured approach to assessing the suitability of options for service delivery.

COMMENTARY ON 5.12.1

The options outlined in 5.11 provide choice in the procurement of facility-related services. With those choices come risks of one kind or another of which fulfilment of service delivery in accordance with specified requirements is a common concern (see 5.10). Understanding the criteria that each of the options satisfies and being able to evaluate them against a broad range of needs helps to focus on the arrangement that is most likely to offer the best solution in terms of achieving end-user satisfaction and best value for money.

Evaluation criteria might include the following:

- a) end-user service;*
- b) uniqueness of service;*
- c) priority of service, flexibility and speed of response;*
- d) management and indirect cost; and*
- e) control.*

5.12.2 End-user service

Procurers should establish the scope and standard of services required. In addition to the many hard measures that are usually associated with them (for example, type of response), soft measures should also be considered (for example, care and consideration in dealing with end-users).

5.12.3 Uniqueness of service

When contemplating alternative means of service provision, the particular demands of any service should be considered.

COMMENTARY ON 5.12.3

Whilst most facility-related service tasks are unlikely to place exceptional demands on service providers, the procurer might, for example, possess specialist plant and equipment which no-one in-house is qualified to maintain or service. This can restrict the choice of potential provider of maintenance and supplier of spare parts.

Issues can include:

- a) the number of service providers that can potentially offer the service;*
- b) the cost of (or premium paid for) the service;*
- c) the average delivery time; and*
- d) the level of information needed to place orders.*

5.12.4 Priority, flexibility and speed of response

The priority of the service to be provided should be made explicit so that critical services can be highlighted and the required level of response taken into account. A risk assessment (see 5.10) should be undertaken for high-priority services, so that the consequence of failures is clear and the appropriate level and speed of response can be planned.

The procurer should:

- a) identify all sources of risk which might affect service provision;
- b) undertake a preliminary assessment to establish probable high-priority risks for further investigation;
- c) examine these high-priority risks to assess the probability of occurrence and severity of impact;
- d) identify the course of action deemed necessary to mitigate the risks, where appropriate; and
- e) allocate responsibility for managing those risks.

5.12.5 Management and indirect cost

In evaluating the cost of service provisions, procurers should identify all costs, both direct and indirect. A common mistake is for direct costs only to be considered, being typically the contract sum. Indirect costs should include those incurred in the internal management of service contracts and the training and development of personnel involved in managing the contract. Where a service provider has to be replaced, costs incurred in making the transition to the new arrangement, including demobilization and mobilization, should be taken into account.

Large service contracts might necessitate the allocation of full-time personnel as contract or account managers. The full administration of services such as permit-to-work procedures, competent and approved person regimes, together with the technology to support them, attract costs and these should be estimated and incorporated in budgets.

5.12.6 Control

The procurer should assess the level of control that needs to be exercised over service providers.

COMMENTARY ON 5.12.6

For some procurers, a significant concern can be a perceived loss of control. The level of control that can be achieved is closely related to the procurement process, in particular the option or options selected and the contractual relationship established between the procurer and service provider. Traditional, competitively-tendered contracts can limit the level of control. Where more control is desired, a partnering arrangement might be appropriate.

5.13 Outsourcing policy and decision

The procurer should determine the extent to which, if any, facility-related services are to be provided from within the organization and those services that are to be procured. Where both occur, account should be taken of the need to integrate the two sources of service delivery and the resources and costs that might be involved in managing such an arrangement. Consideration should be given to the interfaces between separate services, including any obtained from within the organization, so that end-users experience seamless service delivery.

A review of outsourcing (in terms of it satisfying the procurer's continuing needs) should take place at a minimum of three-yearly intervals or at other times considered beneficial, taking into account the term (i.e. duration) of contracts. The performance of service providers should be reviewed annually rather than the decision to outsource. Once the decision to outsource has been taken it should not be subject to continual review.

COMMENTARY ON 5.13

The procurement of facility-related services is implicitly a matter of outsourcing. Even so, it might represent a partial solution to the procurer's needs in facility management. It is important to bear in mind that outsourced service provision can exist alongside an in-house arrangement and many procurers opt for this approach as it achieves end-user satisfaction and best value for money overall.

In-house service arrangements are outside the scope of this British Standard. Attention is drawn to the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2009 [3].

5.14 Statutory/regulatory considerations and best practice

The procurer should recognize its responsibility in addressing statutory obligations and legal requirements and that the engagement of service providers does not absolve it of certain obligations and requirements. The procurer should seek appropriate professional and/or legal advice in this matter.

The following might also be considered by the procurer in order to promote best practice (see also 8.3).

- national and international standards;
- industry standards; and
- manufacturers' recommendations.

COMMENTARY ON 5.14

Attention is drawn, in particular, to statutory obligations such as the Public Contracts (Amendment) Regulations 2009 [4] and the Freedom of Information Act 2000 [5]. (It should be noted that procurement by public sector bodies that is covered by the Public Contracts (Amendment) Regulations 2009 [4] is not covered in the scope of this British Standard.) Attention is also drawn to health, safety and environmental legislation such as the Environmental Protection Act 1990 [6], the Health and Safety at Work etc. Act 1974 [7], the Construction (Design and Management) 2007 Regulations [8], where construction work forms part of the scope of services; employment legislation such as the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2009 [3]; and access, inclusion and equality legislation and guidelines, such as the Equality Act 2010 [1].

6 Develop procurement strategy

6.1 General

The procurer should develop a procurement strategy. This procurement strategy should include the following topics.

- Centralized vs. de-centralized management of service contracts (see 6.2).
- Geographical location of facilities and limits (see 6.3).
- Award of single service vs. multiple service contracts (see 5.11 and 6.4).
- Service providers by specialization and size, and whether they are local, regional or national (see 6.5).

Where the procurer considers that its knowledge of the market is underdeveloped, it should investigate the availability of prospective service providers and the extent to which they might cover the identified scope of facility-related services (see 5.4). The procurer should engage in direct enquiries with service providers and/or the trade associations or other bodies that represent them.

Market testing should represent a genuine attempt to engage existing and prospective service providers in discussion about approaches to service delivery. The procurer should consider the benefits of seeking indicative cost estimates to guide decision-making. Prospective service providers should not be asked to provide detailed costs at this stage.

The procurer should develop and document a procurement policy that includes, as a minimum, provisions covering:

- authorities for approval of finance and budgets (including budgetary limits, contract awards, payments and significant changes in the scope of contracts or their value) (see 4.1);
- stakeholders to be consulted at each stage in the procurement process (see 4.2 and 5.5);
- approach to addressing legislation on health, safety, security and sustainability (see 7.4);
- access, inclusion and equality (see 7.5 and 5.14);
- CSR (see 7.6);
- avoidance of bribery and anti-competitive practices;

NOTE 1 Attention is drawn to the Bribery Act 2010 [9] and the Competition Act 1998 [2].

- conflicts of interest (including situations where service contracts are to be managed by personnel who were once part of in-house service provision) (see 5.13);
- dispute resolution procedure;
- method for identification, assessment and management of risk (see 5.10);
- procedures to be followed in the management of contracts (see Clause 10 and Clause 11);
- systems (including both hardware and software) to be used in the management of contracts (see 4.1, 6.2, 7.1, 7.4 and 10.7);
- performance-related remuneration, penalties and incentivization (see 8.5);
- intellectual property;
- public procurement regulations, where the procurer is within the public sector; and
- freedom of information, where applicable.

NOTE 2 Attention is drawn to the Freedom of Information Act 2000 [5].

In developing the procurement policy, the procurer should consider the best practice available regarding these provisions.

COMMENTARY ON CLAUSE 6.1

A procurement strategy defines the broad approach to contracting with service providers and recognizes that conditions prevailing in the market are subject to change. In the way that needs in facility-related services are specific to an organization, the nature of the market is specific to a location or region. Over time, both are likely to change. In many respects, it is a matter of matching the current and likely future demand for services with their availability in the market. Whilst procurer's needs drive decision-making and individual requirements, it might not be possible to satisfy them precisely. Nonetheless, understanding the market for the supply of services helps in deciding between options to select the one that most closely matches needs and reflects the facility management strategy (see 4.3).

Other reasons for engaging with service providers include gaining advice on specialist services and also on matters affecting health, safety, security, sustainability, access, inclusion and equality.

6.2 Centralized vs. de-centralized management of service contracts

Where the procurer has both centralized and de-centralized management with respect to procurement, it should state its position and policy in regard to services that may be procured locally and those that may only be procured centrally and vice versa. Note should be taken of the arrangements for day-to-day management of service contracts and authorities for contract awards, approval of payments and significant changes in the scope of contracts or their value. Where there is a requirement for pre-qualification for the purpose of inclusion in a list of tenderers, policy in this regard should be made clear both centrally and locally.

Stakeholders to be consulted at this stage of procurement should be identified and a communication plan for engaging with them should be prepared or updated (see 5.5). Care should be taken when engaging with stakeholders where there is a split between centralized and de-centralized procurement. It can prove counterproductive to engage with stakeholders centrally who have little influence on procurement decisions, custom and practices at the local level.

The procurer's responsibilities with respect to health, safety, security and sustainability should be reviewed and a policy statement prepared (see 7.4). The policy statement should be posted on the procurer's public website or else made available on request. Policy, plans, working practices and procedures for ensuring access, inclusion and equality for all users of the facilities should similarly be posted on the website, or else made available on request (see 7.5), together with a statement on practices and procedures designed to avoid bribery and anti-competitive behaviour.

NOTE Attention is drawn to the Bribery Act 2010 [9] and the Competition Act 1998 [2].

Explicit procedures for the management of contracts should be followed where available. Account should be taken of the systems (including both hardware and software) to be used in the management of contracts. A conscious decision should be taken as to whether or not service providers are expected or required to utilize common software and where, in its absence, arrangements might have to be made to transfer information and data from service providers to the procurer's IT systems.

In all of the above, the procurer should remain consistent and transparent in dealings with service providers, both existing and prospective. The same approach and attitude should apply internally in dealing with commercial sensitivities and protecting intellectual property.

COMMENTARY ON 6.2

Depending on the policy, structure or size of an organization, service contracts might be managed centrally or locally. There are arguments for and against both centralized and de-centralized management; however, much is likely to depend on corporate governance and financial administration. A centralized procurement function might retain control over certain service contracts for reason of uniqueness of service, security or economy of scale. Elsewhere, service contracts might be awarded and managed locally for reasons of flexibility, speed of response and CSR, i.e. being a good neighbour in the community. For whatever reason, any demarcation between centralized and de-centralized control has to be understood by the procurer.

6.3 Geographical location and limits

By examining needs in regard to the provision of facility-related services, in particular attributes of service, the procurer should be able to achieve a clear understanding of what is important in service delivery. The procurer should consider the extent to which the local market is able to offer the planned services and the geographical limits that are acceptable when considering the suitability of a prospective service provider.

COMMENTARY ON 6.3

Not all procurement takes place locally to serve a local need. As noted in 6.2, it is possible that centralized management decision-making and control defines the framework within which procurement and its financial administration takes place across the organization. Regard for location and geographical limits further define the framework for procurement. As noted in 5.9, the market, whether locally or regionally, for facility-related services might not support the demand planned by the procurer. Markets are not homogeneous; they are dynamic and can prove volatile, not least during times of economic uncertainty.

6.4 Single vs. bundled (or multiple) service contracts

The procurer should explore the combinations of services that can be delivered by prospective service providers with regard to the defined scope and the relationships and interfaces between the services (see 5.4). Account should be taken of the ability of service providers based on evidence of performance and/or reference sites.

A matrix of service provision against service provider may be prepared to help determine the mix of single and bundled (or multiple) service contracts that might be appropriate.

COMMENTARY ON 6.4

The question of whether to opt for single service contracts or bundled (or multiple) services contracts has been outlined in 5.11. The practical arrangements for organizing one or other approaches have to be considered. A common belief is that breaking down total service provision into many contracts raises the prospect of lower tender prices. That might not be so. Whilst service providers working in a given sector or field might be keen to tender for a single service contract, the economic attractiveness of it might prove otherwise. There is no easy formula for determining whether to opt for single service contracts or to bundle several together. A bundle of services might result in greater cost savings, because a service provider is able to extract economies of scale or simply has more business and so can reduce margins. Discussion with prospective service providers can help to develop an understanding of what is attractive and what is not.

6.5 Local, regional and national service providers

The procurer should determine the extent to which the market locally, regionally or nationally has the capacity to satisfy needs (see 5.9). Account should be taken of the specialization, number and size of service providers able to offer the planned services.

Informal enquiries directed to prospective service providers might reveal the extent to which they are in a position to undertake new work, although care should be exercised when making judgements as to their capacity to do so.

COMMENTARY ON 6.5

Awareness of the market can enable the procurer to anticipate a particular reaction or response on the part of service providers, although cannot guarantee it. Where the planned demand for a service exceeds the capacity of local service providers, enquiries might have to be directed at the regional or national level. It does not follow that national service providers will have a sufficiently strong presence in a local market, although might look favourably upon an opportunity to develop their presence. Nonetheless, in some markets local service providers can be more competitive than their larger, national counterparts. There are hidden dangers in encouraging a national service provider to enter a local market in the expectation of securing a major new contract. These dangers include the potential for the service provider to buy the work, i.e. to offer a tender price that is below actual cost or an economically viable threshold. Competition among local service providers for work might produce similar behaviour.

6.6 Tendering process

The tendering process covers the following stages, in sequence.

- a) RFI or PQQ, covering service provider assessment (see Clause 7).
- b) RFP, covering tender documentation (i.e. service specifications, SLAs and conditions of contract) (see Clause 8).
- c) Evaluation and commercial/financial close, covering tender assessment and negotiation, pre-contract meeting and contract award (see Clause 9).

The procurer should confirm the arrangements for these stages, including overall duration and time needed by prospective service providers to comply with requests. Normally, a period of between two to three weeks should be set aside for service providers to respond to a request for information (RFI). A period of not less than four weeks should be set aside for service providers to respond to a request for proposal (RFP) with the submission of a bona fide tender, although this may be reduced to a minimum period of two weeks where the service is of a minor nature.

Contracts should be awarded on a multi-year basis unless the service is of less than twelve months' duration. For most facility-related services, a contract term of three years is appropriate, with the procurer retaining the option to extend for a further one or two years.

Where relevant, the procurer should define its policy on e-tendering and make clear the procedure by which prospective service providers might be included in e-tendering competitions. Details should be provided on the procurer's public website, or else made available on request, including guidance on the e-tendering process and the conditions that apply. Policy in this area should be reviewed periodically in the light of advances in information technology and the publication of authoritative codes of practice and standards.

COMMENTARY ON 6.6

The procurer's procurement strategy, and the stages that lead up to it, deal with a wide range of matters including stakeholders, end-user needs, legislation, current and proposed sourcing arrangements, types of service provision and service provider. Having created an all-important baseline, the next step is to define the process for obtaining competitive tenders.

The time the procurer needs before an RFI can be issued should be considered. It can take many months to reach this point.

Tendering for public sector service contracts is governed by public procurement regulations and therefore outside the scope of this British Standard. The process and procedures to be followed are highly prescribed. It is advisable for procurers in the public sector to consult official guidance.

Any perceived gains from more frequent re-tendering of service contracts than the recommended three years are likely to be outweighed by the additional time and cost incurred in tendering as well as lower levels of performance towards the end of the contract as the service provider directs attention elsewhere.

The use of e-tendering and electronic auctions for services has implications for many areas of commerce and industry. E-tendering is an electronic tendering process involving the exchange of all relevant documentation in electronic format. Benefits can include reduced time-scale for the tendering process; improved workflow with inbuilt decision gates; more consistent pre-qualification and evaluation; automatic rejection of non-compliant tenders; reduction in human resources for gathering and analysing information and tenders; and improved audit trail and management information. Examples of e-tendering are to be found in both the public and private sectors and extend to contracts for facility-related services.

7 Request for information (RFI) and pre-qualification

COMMENTARY ON CLAUSE 7

The purpose of Clause 7 is to provide guidance to allow a procurer to determine the suitability of prospective service providers and, as such, can be applicable to a contract negotiated with one or more service providers or where a partnership has been formed, as well as to facility-related service contracts that have been awarded following a tender competition (see Introduction). The means by which the suitability of a service provider can be established involves a formal, structured enquiry or request. An RFI can take the form of a PQQ. The overall aim of the RFI/PQQ is to capture information and data about prospective service providers (i.e. tenderers) so that only those qualified to undertake the work are invited to tender for it. This is often referred to as undertaking a due diligence assessment.

7.1 Pre-qualification of service providers

An RFI or a PQQ should be prepared by the procurer and reflect, as a minimum, the following:

- legal form and ownership of the service provider;
- areas of specialization, competences and technical skills;
- proposed approach to service delivery (i.e. method of work);
- extent of subcontracting (see 9.1);
- relevant track-record (based on evidence of similar contracts) (see 7.2);
- financial capacity and dependency (see 7.2);
- organization culture (see 7.3);

- health, safety, security and sustainability policies, procedures and practices (see 7.4);
- commitment to provisions on access, inclusion and equality (see 7.5);
- CSR policy and initiatives (see 7.6);
- alignment with the procurer's business process and systems (see 7.4); and
- basis for assessing overall suitability (including criteria, scoring and any weightings to be applied) (see 7.7).

The RFI/PQQ may be undertaken in two parts: firstly, through a preliminary evaluation which is used to determine and filter out any service providers that are clearly unsuitable; and, secondly, through a detailed evaluation aimed at objectively assessing the ability of prospective service providers. Any preliminary evaluation should enable the procurer to quickly establish the suitability of service providers, enabling them to focus attention on those best qualified to deliver the service.

The procurer should determine the number of service providers that it wishes to invite to submit an RFI/PQQ. A maximum and minimum number should be set.

The procurer should determine if, at the end of the RFI stage, it lacks information to specify all of its facility-related services and required levels of performance. In such a case, it should make arrangements to gather that information before proceeding to a request for proposal (RFP) (see Clause 8).

7.2 Financial appraisal

All prospective service providers, irrespective of specialization or size, should be treated fairly and with equal diligence during the financial appraisal process. As a minimum consideration, the following should be undertaken:

- inspection of the financial accounts for the past two years of trading (in the absence of audited statements, other information that demonstrates the service provider's financial standing should be sought); and
- assessment of the service provider's ability and capacity to deliver the service at the current estimated contract value.

COMMENTARY ON 7.2

The technical abilities of a prospective service provider can be demonstrated by the extent to which its existing and most recent clients are satisfied with its quality and performance. Whilst references obtained from clients can be taken as evidence of ability, they might not necessarily address the issue of capacity to deliver. Failure in business is more often the result of a lack of financial wherewithal than poor technical competence. It is essential therefore for procurers to ascertain, to the best of their ability, the financial capacity and dependency of prospective service providers.

Turnover of a service provider can be an indicator of financial capacity and dependency, and therefore their ability to undertake a contract within a certain financial limit. It might be unfair to eliminate a prospective service provider on the basis of contract limit alone unless the former is being unrealistic.

Profit and loss accounts and balance sheets do not provide sufficient information for a thorough financial appraisal. Financial data and credit ratings from specialist providers are useful indicators of a service provider's financial standing, although they cannot be a substitute for a detailed examination of financial accounts. Since many service providers immediately require cash to undertake their work, assessment of their cash flow position and cash-generating ability is highly advised.

7.3 Organization culture

Where available, the procurer's general business principles, workplace charter and/or other statements expressing core values and business ethics should be made accessible to existing and prospective service providers.

The procurer should identify those attributes of end-user service that necessitate a specific or additional response from, and/or treatment by, service providers and embody them within the RFI/PQQ. Account should be taken of operations or areas within the facility where different standards of conduct, behaviour, attire or other requirements apply (see 7.4 for additional considerations in regard to health, safety, security and sustainability). The needs of persons with disabilities should be identified, including specific or additional provisions and assistance. These needs should be similarly embodied in the RFI/PQQ.

COMMENTARY ON 7.3

The procurer is likely to be judged by how it acts, its core values, honesty, integrity and respect for people. Collectively, these help to characterize organization culture. Service providers can be expected to recognize these principles and reflect them in their own dealings with the procurer. By doing so, it is possible to promote trust, openness, teamwork and professionalism for the benefit of both parties as well as end-users. Service providers can be regarded as an extension of the procurer's organization. Occupants and other users are bound to expect the same treatment and courtesies from service providers as they receive from their fellow workers.

Delivery of facility-related services occurs within occupied environments, all of which are potentially different and some of which can pose particular hazards for occupants and other users. Some services might be intentionally invisible to end-users, for example, cleaning and various forms of maintenance. Other services might be intentionally visible, for example, security and catering. Important attributes of service provision could be: ensuring that service delivery has the visibility appropriate for its requirements without being unnecessarily intrusive, and the treatment of end-users with care and consideration (see 5.12).

7.4 Health, safety, security and sustainability

The procurer should have a statement that aligns health, safety, security and sustainability policies with the aim of:

- providing and maintaining a healthy, safe and secure place of work; and
- covering responsibility for addressing relevant legislation and acceptable workplace practices.

The statement should be issued to all existing and prospective service providers and be displayed on the procurer's public website or else made available on request.

Procurers should be aware that responsibility for health, safety, security and sustainability extends beyond their employees to the extent that no activity should pose risks to visitors, including service providers' personnel, or persons outside the facility. The procurer has responsibility for anyone who is affected by the action of another individual and so the procurer's policy statement and risk assessments should reflect these points.

The procurer should appoint a person in order to ensure that the procurer addresses matters relating to health, safety, security and sustainability in regard to the facilities. The procurer should provide the appointed person with the training, time and resources to carry out their duties and this person should only be allowed to carry out such duties when deemed to be a competent person by the procurer. These duties should extend to service providers' personnel and include a briefing on statutory obligations and legal requirements. Occupants and other users of the facility should have access to the appointed person.

As a matter of routine practice as well as a safeguard, the procurer should ensure that individuals are briefed on matters of health, safety, security and sustainability, including actions in the event of an emergency, for example fire, flood, power cuts and bomb alerts, or other incident that might compromise individual welfare, before moving around a facility unaccompanied. This briefing should include instructions to occupants and other users of the facility regarding any action to be taken in the event of any situation in which they perceive a threat to health, safety or security. Briefings should also cover known hazards or operations that can pose a potential risk over the period in which an individual or individuals are expected to be present in the facility.

The procurer should outline arrangements for granting access to facilities, including any condition involving prior vetting or clearance of persons for reason of security or other matter requiring investigation and, where relevant, involving registration with official bodies, agencies or other authorities. The party responsible for making the necessary arrangements in accordance with these conditions should they apply should be clearly stated (see 4.1).

NOTE 1 Security clearance of persons wishing to enter a facility has become commonplace. The threat of criminal activity, terrorist act or simply unwarranted access has forced many organizations to take measures by which those who could possibly pose a potential threat are managed or excluded. Commercial sensitivities can require that the identity of individuals is verified before access is granted.

Responsibilities at all levels of management and supervision should be determined. These extend to all who are directly involved in the day-to-day operation of a facility including, for example, procurement and administrative personnel and senior managers. Care should be taken to allocate responsibility in line with authority, with resources to cover the procedures for dealing with accidents, incidents and other events. Contingency plans for handling specific events such as fire, flood, power cuts and bomb alerts should be made available to existing and prospective service providers. The procurer should request that each service provider appoints a health and safety person whose role includes liaison with the competent person appointed by the procurer.

NOTE 2 The procurer and individuals with responsibilities in purchasing, finance and accounting, including senior managers, might find that they are culpable in the event of a serious incident arising from the failure of a service provider to adhere to relevant legislation and codes of practice. Some insurance might prove invalid if there has been a lack of compliance or failure to take all reasonable steps to avoid accident, losses and expenses. In order to prevent this, it can be helpful for the procurer to seek professional and/or legal advice in this matter. Lack of clarity in duties and responsibilities could lead to serious consequences, including injury or loss of life. It is essential therefore to address considerations and arrangements for health, safety, security and sustainability so that there is complete alignment between the procurer and service providers.

Information about substances, plant and equipment that might pose a potential hazard to anyone should be brought to the attention of existing and prospective service providers by the procurer. A process should be implemented to keep this information up to date. The procurer should determine the need for relevant training in health, safety, security and sustainability matters and should make arrangements for it to be provided to service providers and upon what basis; or the procurer should require service providers to take responsibility for such training and to require proof of satisfactory completion or certificates of competence, as appropriate.

The procurer should assess the risks to the health, safety and security of anyone affected by procurement-related activities (for example occupants, service providers' personnel, customers, visitors and the general public) and establish a basis for implementing preventive and protective measures. Assessment should cover planning, organization, control, monitoring and reviews.

NOTE 3 There is a close link between risk assessment and arrangements specified in the policy statement.

The procurer should take account of the requirements of people with disabilities and others with specific or additional needs and enable appropriate measures to be put in place to safeguard their use of facilities. This might involve adapting existing means of access to, circulation within and escape from facilities.

NOTE 4 Procurers might find it beneficial to seek professional advice regarding how they can ensure that their facilities (environments, goods, services, etc.) for people with disabilities conform to the relevant legislation. See also 7.5.

The procurer should monitor and review arrangements to achieve continual improvement in health, safety, security and sustainability, making use of the policy and the procurer's quality system.

NOTE 5 Improvement in health, safety, security and sustainability practices can be enhanced through the development of policies, approaches to implementation and techniques of risk control.

7.5 Access, inclusion and equality

The procurer should communicate with the service providers regarding specific requirements for access, inclusion and equality in regard to the facility-related services being procured.

NOTE Attention is drawn to the Equality Act 2010 [1], which covers equality issues around the subjects of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Attention is also drawn to the inclusion of the Public Sector Equality Duty within the Equality Act 2010 [1], which covers procurement activities for the public sector, including stakeholder engagement.

Whilst access audits are beneficial to some extent, their use can be limited unless undertaken within the context of more strategic professional advice within the realm of access, inclusion and equality. It is more beneficial to seek strategic and proactive advice in addition to reactive problem identification.

7.6 Corporate social responsibility (CSR) policy

The procurer should make explicit its policy in regard to CSR to the communities in which it operates and to society at large. A policy statement should be issued to all existing and prospective service providers and, wherever practicable, be displayed on the procurer's public website or else made available on request. Where the procurer is engaged in specific activities or initiatives for the furtherance of its goals in CSR, it should make these clear in the policy statement. The procurer should require all service providers to demonstrate their commitment to CSR.

COMMENTARY ON 7.6

CSR is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their actions on stakeholders of all kinds as well as on sustainability. The concept imposes duties that extend beyond statutory obligations and legal requirements by committing the organization to take steps to improve quality of life for employees and their families, the local community and society at large. Acting responsibly as a corporate citizen means that, wherever practicable, the procurer engages in activities that are beneficial to society, using technology responsibly, protecting and sustaining the environment, supporting local and regional communities and observing high ethical standards in business relationships.

7.7 Assessment criteria

A transparent method for assessing the suitability of prospective service providers using the criteria of ability, capacity, compliance with legislation and alignment with policies, as a minimum, should be prepared and made known to service providers in advance of issuing an RFI/PQQ.

Once sufficient information has been received from service providers, they should be scored against the agreed criteria, then ranked. The ranking should indicate which prospective service providers are suitable for consideration at the next, RFP, stage. Table 1 gives an example of assessment criteria and scoring.

Table 1 Assessment of service providers (at RFI stage)

Assessment	Description of criteria	Score
Very poor	Fails to demonstrate required ability, capacity, legal compliance and policy alignment.	0
Poor	Limited evidence of required ability, capacity, legal compliance and policy alignment.	1–4
Satisfactory	Provides sufficient evidence of required ability, capacity, legal compliance and policy alignment that generally meets established needs and requirements.	5–6
Good	Shows considerable evidence of ability, capacity, legal compliance and policy alignment that meets established needs and requirements and, in some areas, demonstrates innovation in excess of requirements.	7–8
Excellent	Shows considerable evidence of ability, capacity, legal compliance and policy alignment that meets established needs and requirements in all areas and demonstrates innovation in excess of requirements in most areas.	9–10

Once suitable service providers have been identified, the procurer should interview them individually. During the interview, the procurer should brief them on the facilities and discuss the service provider's understanding of their needs and requirements and give them the opportunity to ask questions on any matter that requires clarification.

Upon satisfactory completion of this stage, the procurer should finalize its short-list of prospective service providers as a basis for the RFP (see Clause 8). The procurer should select its number of prospective service providers that are invited to submit an RFP or tender based on the concept of fair competition (see 8.2). It is, however, inadvisable to invite more than five prospective service providers to submit an RFP or tender.

COMMENTARY ON 7.7

The information requested by the procurer in the preceding sections provides valuable insights into a service provider's ability, capacity, compliance with legislation and alignment with policies. Assessing the standing of a service provider with respect to these and financial considerations (see 7.2) is a necessary step before proceeding to a RFP.

8 Request for proposal (RFP)

8.1 General

An RFP should be prepared in outline for single or multiple services, as appropriate, and cover as a minimum:

- output-based service specification stipulating the service requirements (see 8.3);
- service levels stipulating the acceptable levels of performance (see 8.4);
- performance measurement and reporting (see 8.5);
- contract conditions and, where appropriate, standard form of contract to be adopted including any proposed amendment (see 8.2);
- criteria to be used to assess submitted RFPs/tenders (see 9.2); and
- date and time by which RFPs/tenders should be submitted and the place and mode of submission (see 8.2).

Service specifications and service level agreements (SLAs) should be prepared and should include the following:

- the procurer's expectations of the quality/performance and value of the service or services to be delivered in an unambiguous manner;
- the minimum acceptable standards of the service and end-user requirements that have to be met;
- the output or performance-related measures, concentrating on *what* is to be provided as opposed to *how*; and
- the agreement between the procurer and service provider for providing the service or services.

COMMENTARY ON CLAUSE 8.1

An RFP is more than a request for quotation (RFQ). It provides a structured means for prospective service providers to submit proposals, as well as a price, for a single service or multiple services, as appropriate. The aim of the RFP stage is to allow comparisons to be made between competing service providers on the basis of a common definition of the scope, outcomes and levels of service to be delivered. The RFP incorporates details of performance measurement, penalties and incentives, including adjustment of remuneration in the event that performance falls below an acceptable level. A further function of the RFP is in helping to assess the impact of identified risks, any additional risks that might have come to light during tendering and an approach to mitigating them.

8.2 Service definition process

The procurer should determine if, at the start of the RFP stage, it lacks information to specify all of its facility-related services and required levels of service. In such a case, it should consider requesting missing information as part of the RFP. The procurer should bear in mind that an RFP invited on the basis of incomplete information can make comparison between service providers difficult.

The procurer should determine if it is appropriate to seek or to allow alternative proposals from prospective service providers for the delivery of the respective service or services. Such proposals should form an integral part of assessment (see 9.2, Table 2).

The format of an RFP should be such that prospective service providers are able to submit a formal offer for the delivery of the respective service or services in a prescribed format. The conditions of contract, including the adoption of any standard form of contract and any proposed amendments, should be expressly stated in the documentation accompanying the RFP. The date and time by which RFPs/tenders should be submitted and the place and mode of submission should also be stated. The procurer should avoid issuing supplementary information during the tender period.

The procurer should determine if standard forms of contract are available and appropriate to its needs in procurement. Professional and/or legal advice should be sought in this matter.

The procurer should select its number of prospective service providers that are invited to submit an RFP/tender based on the concept of fair competition (see 7.7). It is, however, inadvisable to invite more than five prospective service providers to submit an RFP or tender.

8.3 Service specifications

For each facility-related service, a specification should be prepared in precise terms that make clear the outcomes required from the delivery of that service. The procurer should, wherever practicable, avoid stating requirements in a way that restricts the service provider's ability to select the most efficient and effective approach, while having regard to the need to achieve end-user satisfaction and best value for money.

The procurer should prepare the service specification for the service provider. The service specification should detail the following, as a minimum:

- internal guidelines and specifications relating to corporate and/or departmental policy as well as those that have been adopted successfully on previous service contracts;
- external guidelines and specifications covering compliance with relevant statutory obligations, health and safety legislation, international standards, industry standards and manufacturers' recommendations;
- procedures with which the service provider has to comply in order to achieve the required technical levels; and
- quality and performance thresholds.

The service specification should be drafted consistently throughout the document and should also be drafted in a manner that is consistent with other documents such as the SLA. The procurer should avoid assembling service specifications from disparate sources and strive instead to approach drafting from the general to the specific, utilizing best practices in the latter.

The service specification should be drafted in such a way that changes in operational requirements can be accommodated without invalidating the agreement or contract covering the service (see 8.4).

Service specifications (or SLAs) and contract conditions should be written to incorporate the implementation of spot inspections of permits, certificates, records and other documentation.

COMMENTARY ON 8.3

A service specification is a document that quantifies the minimum acceptable technical standard of service required by the procurer and forms part of the contract with the service provider. The preparation of a service specification is a requisite in the drafting of an SLA (see 8.4).

It is inadvisable to assemble specifications from disparate sources as this can introduce inconsistency and ambiguity, because detailed clauses might have been derived from general principles matched to another organization's needs.

The adoption of an output (or performance-based) specification is preferable to one that prescribes how work is required to be undertaken, i.e. an input specification. It is important to encourage service providers to look for better ways at lower cost for delivering services that meet the required specification and service levels. Nonetheless, there can be grounds for the procurer detailing exact requirements, as might occur, for example, when work has to be undertaken in a specific manner or at certain times.

In the case of a service contract for cleaning, for example, an output specification might describe the standard of cleanliness to be achieved in terms of the maximum amount of dust or debris permitted to remain following cleaning. In a contract for catering, the specification might state that a meal is to be two courses, nutritionally-balanced and offering a daily choice including sauces and drinks.

Over time some adjustment to the wording of specifications is likely to prove necessary as a consequence of changes in policy, legislation, technical standards and procedures, to improve performance and maintain end-user satisfaction and best value for money.

Including spot inspections of permits, certificates, records and other documentation can enable the procurer to obtain evidence of the service provider's compliance with requirements.

8.4 Service levels

An SLA should be prepared by the procurer as a statement of intentions between it and the service provider on behalf of the end-user of the service. The SLA should outline the required level of service and include the following:

- name of each party;
- roles and responsibilities of each party;
- scope of services to be provided and exclusions;
- prioritization of requirements;
- quality and performance-related targets;
- time-related targets;
- prices and rates (fixed and/or variable);
- open-book accounting;
- resources required;
- communication and interaction between end-users and service providers; and
- change control procedures.

The procurer may consider whether it requires fixed prices and rates or whether it will accept variable prices or rates. This decision should be based on the consideration of current and forecast market inflation and other factors that might affect the balance of financial risk between the procurer and the service provider (see 11.4). Discussion as to whether variable prices and rates are likely to be the more acceptable should be established at the time of pre-qualification.

The SLA should be drafted in such a way that changes to performance requirements can be accommodated without invalidating the contract.

The procurer should consider implementing a central helpdesk to co-ordinate communication between end-users and service providers (see 10.1). A helpdesk need not be a physical construct, but should be supported by IT.

An SLA may be applicable to a number of services or facilities and therefore written in general terms, or it may be organization, facility or service specific. In all cases, it should incorporate relevant service specifications.

An SLA should identify those measures that the procurer uses to judge the level of service received from a service provider. These measures generally fall under the following aspects of the service:

- quality and performance;
- delivery and response time;
- prices and rates; and
- end-user satisfaction.

COMMENTARY ON 8.4

Service levels are embodied in an SLA which includes performance targets, minimum acceptable levels of performance, remuneration, penalties, incentives, performance measurement and reporting.

Experience of managing service contracts shows that over time some adjustment is necessary to working arrangements, including targets, remuneration, penalties and incentives to improve performance, achieve end-user satisfaction and best value for money.

SLAs are often prepared for arrangements where facility-related services are provided from within the organization (i.e. an in-house solution). SLAs are also suitable for situations in which services are outsourced. In these cases, the SLA provides a basis for the contract and can be used as the starting point in a partnership arrangement.

End-users normally have particular expectations about levels of service (see 5.5 and 5.6). These expectations need to be translated into formal requirements and targets. In developing the latter, discussion with prospective service providers can help to ensure that targets are both appropriate and practicable. An example target is one where the response to a problem, for example a breakdown in an item of equipment, is required within a specified period that is both practicable for the service provider and tolerable for the end-user. In such cases, it might be useful to specify the tolerance threshold for rectifying failure or malfunction.

8.5 Performance measurement and reporting

The procurer should include performance measurement and reporting as part of the duties of a service provider. Responsibility for verifying work performed by service providers should rest with the procurer. The procurer should reserve the right to require evidence to be produced before considering an application for payment. Details of performance measurement and reporting should be included in the SLA (see 8.4).

NOTE Service providers are better placed than the procurer to measure performance. There is little, if any, advantage in the procurer taking on this task. Apart from the cost involved, there is needless duplication of effort as service providers generally measure performance for their own purposes.

The procurer should make clear its intentions for dealing with situations where performance falls below an acceptable level, including the imposition of penalties for poor performance. Incentives for achieving higher levels of performance than those specified should be considered. The procurer should state the terms of any sharing of cost savings or other gains which a service provider might achieve.

9 Evaluation and commercial/financial close

9.1 General

The procurer should define the criteria by which each tender, as represented by a completed RFP, is evaluated. These criteria should be consistent with the criteria used at the RFI stage.

Once received and acknowledged, RFPs/tenders should be evaluated in accordance with 9.2 and the preferred service provider requested to submit details on the following as a requisite to reaching commercial/financial close and contract award:

- plan of work (schedule) for mobilization and start-up of service delivery;
- managerial personnel (including brief curricula vitae);

NOTE 1 Attention is drawn to the Data Protection Act 2008 [10].

- operational personnel (including permits-to-work, where appropriate);
- arrangements covering transfer of undertakings, where applicable;

NOTE 2 Attention is drawn to the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2009 [3].

- subcontractors to be engaged;
- prices and rates;
- insurances and banking details; and
- information required from the procurer to assist in mobilization and start-up.

The procurer should request further information from prospective service providers if considered necessary to resolve any difference of interpretation and/or to eliminate potential conflict. Such matters should be fully resolved before an RFP or tender is accepted and the contract is awarded (see 9.3 and 9.4).

COMMENTARY ON 9.1

The receipt of a completed RFP initiates a stage in the tendering process where the fit between the procurer's service requirements established at the RFI/PQQ stage and what the market is prepared to offer comes to the fore. Despite the relatively short period involved, it is possible that assumptions or circumstances might have changed. Negotiation between the procurer and preferred service provider might then be necessary to resolve any aspect of the tender that is deemed non-compliant. This stage is generally referred to as "tender negotiation". The term does not imply significant divergence from the RFP, but discussion and agreement over minor issues that have to be resolved before accepting the tender. Once resolved, the procurer can move to a commercial/financial close culminating in a contract award. In the simplest case, an order for the requisite service can be raised, based on contract conditions that are common to other areas of the procurer's business. In other cases, contract conditions might reflect the custom and practices of an industrial sector that is supported by a strong trade association. In all cases, the contract conditions and any intended use of a standard form of contract are matters for the RFP stage, with prospective service providers having been given prior opportunity to comment or to challenge.

It is not unusual for service providers to subcontract part of their scope of work to other specialists. Some services involve highly-specialized work, but for relatively short periods that would render it uneconomical to do other than subcontract. Subcontracting for reason of over-allocation of resources created by a service provider's commitments elsewhere is a different matter and an unacceptable practice (see 10.5).

9.2 Assessment criteria and weightings

Short-listed service providers should be asked to submit a fixed price tender for the term of the contract, together with a breakdown of prices and rates, including the annual equivalent value of the contract. Contract award should be based on the most economically advantageous tender, not price alone, by taking account of likely quality of service delivery.

The procurer should consider adopting a two-envelope tender competition in which quality and tender price are examined separately. When considering quality, tenders should be scored against disclosed criteria (see 8.1) then ranked. Table 2 gives an example of assessment criteria and scoring. The ranking should indicate which service providers are eligible for the contract award. The decision as to which tender (i.e. service provider) offers the best overall basis for a contract should take account of operational requirements (see 9.3).

NOTE 1 In a two-envelope tender competition, the first tender describes the quality of service to be provided according to predetermined criteria (see Table 2) and the second states the tender price. Two separate panels examine the tenders. A quality panel is convened to rank the tenders, A, B, C, etc., according to the quality the panellists believe each tender represents. The panel applies a percentage adjustment (or weighting) to the services offered by each: it is necessary that all panellists agree. Once the quality panel has completed its work, a price panel opens the envelopes containing the tender prices. The service provider offering the highest quality at the lowest price can be determined from a simple calculation.

Table 2 Assessment of service providers (at commercial/financial close)

Assessment	Description of criteria	Score
Very poor	Fails to demonstrate acceptable performance, operational approach, delivery/response time and likely end-user satisfaction.	0
Poor	Limited evidence of acceptable performance, operational approach, delivery/response time and likely end-user satisfaction.	1–4
Satisfactory	Provides sufficient evidence of acceptable performance, operational approach, delivery/response time and likely end-user satisfaction.	5–6
Good	Shows considerable evidence of acceptable performance, operational approach, delivery/response time and likely end-user satisfaction and in some areas, demonstrates innovation in excess of requirements.	7–8
Excellent	Shows considerable evidence of acceptable performance, operational approach, delivery/response time and likely end-user satisfaction in all areas and demonstrates innovation in excess of requirements in most areas.	9–10

Least whole-life cost should be considered as part of the assessment for services involving maintenance and replacement of plant and equipment.

NOTE 2 Least whole-life cost takes into account the cost of services over the duration of the contract or longer term, including initial cost, annual price fluctuations, inflation and return on investment. It is a matter of determining the total cost that each tender represents, enabling comparison on a like-for-like basis. The concept is covered in Table 2 under the criterion of “innovation in excess of requirements”.

9.3 Operational considerations

The procurer should satisfy itself as to the suitability of the preferred service provider in comprehending the nature and demands of the service to be delivered. It is important for the procurer to receive satisfactory answers to all questions on this point. For this reason, the procurer should keep the second-ranked tenderer in reserve until such time as a sound basis for a contract with the preferred service provider exists.

The procurer should require the preferred service provider to demonstrate the appropriateness of its operational approach by providing information on its management, supervision, personnel and details of any intended subcontractors. Where transfer of undertakings is involved, arrangements for a seamless transition between existing provision and its replacement should be outlined. The preferred service provider should be interviewed to discuss its approach.

NOTE Attention is drawn to the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2009 [3].

9.4 Pre-contract meeting

A pre-contract meeting should be convened between the procurer (or procurer's representative or agent) and the service provider for each service to discuss mobilization and any other matter that is beneficial to the safe and correct start-up of service delivery. The following matters should be discussed:

- the service provider's plan for mobilization and delivery of the service;
- the insurance cover with respect to statutory obligations and specific eventualities; and
- the contract administration (for example, payments, meetings and other key events).

9.5 Contract award

Once all matters relating to the recommendation of a preferred service provider, including operational considerations and plan for mobilization, have been concluded, the procurer should inform the service provider of the intention to enter into a formal contract on such contract conditions (or use of a standard form of contract) as have been previously agreed.

Unsuccessful tenderers (i.e. service providers) should be informed of the award of the contract, including name of the successful service provider, and should be given the opportunity to discuss their performance in the tender competition. Care should be taken over the extent to which information should be divulged, not least details in regard to the successful tenderer.

NOTE The term "tenderer debriefing" is generally used to refer to this stage in the tendering process. Attention is drawn to the Freedom of Information Act 2000 [5] and the Data Protection Act 1998 [10].

10 Mobilization/go-live

10.1 General

An information pack should be provided by the procurer immediately following contract award and prior to the start-up of service delivery to all service providers. This information pack should cover, as a minimum, details of the following:

- terms of reference (see 10.2);
- representatives of both parties and contact details;
- procedures in the event of an emergency;
- health, safety and security in the workplace (see 10.4);

NOTE Attention is drawn to the Health and Safety etc. Act 1974 [7].

- sustainability;
- human resource considerations (see 10.3);
- supply chain considerations (see 10.5);

- operational processes and procedures (see 10.6);
- management information and reporting (see 10.7);
- performance management (see Clause 11);
- valuations and payments; and
- dispute resolution procedure.

Communication with service providers should be defined and a single-point of contact for managing contracts established within the procurer's organization. Similarly, each service provider should provide a main point of contact to cover delivery of the service in the facility and contact at the service provider's main place of work. An additional point of contact in the form of the service provider's health and safety person should be recorded.

The procurer should consider the practical benefits of a central helpdesk to co-ordinate communication between end-users and service providers (see 10.7).

Out-of-hours working might necessitate emergency contacts in terms of individuals and for any backup services or support that might be required.

COMMENTARY ON 10.1

The award of a contract is followed by a period during which the service provider makes arrangements to start-up delivery of the service. This period can last from a few days to a few weeks or perhaps longer. From the procurer's perspective, checking the proposed working arrangements of a number of service providers, if undertaken concurrently, might represent a significant task for which adequate time has to be set aside (see 4.2). Allowing for this work is a necessary requisite to going live.

10.2 Terms of reference

Terms of reference should give the service provider a high-level view of the contract, including its scope, limits and any restrictions in regard to access, working hours, use of in-house services or other relevant matter.

NOTE Attention is drawn to the Working Time (Amendment) (No. 2) Regulations 2009 [11].

A mobilization plan should be prepared by the service provider based on a detailed list of tasks, their timing and key milestones. This plan should take the form of a schedule that can be used by both parties to track and report on progress. Depending on the scale and complexity of service delivery, weekly information exchange meetings should be convened until both parties have agreed that mobilization is complete as signified by reaching a live and steady state of service delivery.

Where an existing service provider is being replaced by another, the procurer should request a plan of the transitional arrangements for ensuring that end-users experience no break in service delivery. This transition plan should include contingency arrangements to cover events that might otherwise threaten successful mobilization and achievement of milestones or deadlines.

10.3 Human resource considerations

The procurer should define its role in managing the interface with service providers (see 4.1).

Consideration should be given to the following duties, as a minimum:

- maintaining and/or enhancing the informed client function;
- defining facility-related policies and space utilization;
- understanding and monitoring end-user needs and levels of satisfaction;

- informing senior managers of performance levels, including deviations from those planned;
- planning projects involving new or additional works;
- measuring the performance of service providers; and
- managing approvals and payments to service providers.

The measurement of performance should be included in service contracts as a task to be undertaken by the service provider.

If not already implemented, the procurer should consider the benefits of introducing a formal system of performance appraisal for those of its personnel engaged in managing service contracts and similar arrangements for incentivizing service providers. Targets and/or goals should be aligned between the procurer's personnel and service providers and there should be no conflict of interest in the arrangement.

COMMENTARY ON 10.3

The procurer has a responsibility for ensuring the accuracy and reliability of performance data and information. The role is one of overseeing as opposed to direct management of operations or performance of tasks.

Performance appraisals are highly advised across the length and breadth of the procurer's organization. It is important to ensure alignment between, for example, senior managers and operational personnel. Appraisals are normally linked to the procurer's business objectives. Remuneration and rewards for personnel stem from performance appraisal and the overall success of the organization. Developing skills and expertise can be achieved by providing opportunities for personnel, for example learning and personal development, identified from performance appraisals. Acceptance of these principles is key to enhancing the informed client function (see 4.1). Similarly, the procurer has a role, as far as it is practicable, in encouraging service providers to develop their competence and skills. It might therefore be beneficial to the procurer to offer incentives to service providers (see 8.5), in the interest of the commitment to continual improvement.

Incentivizing service providers is a fairly common practice. Flexibility built into SLAs and contracts to accommodate change allows incentive schemes to be modified in the light of actual performance. The potential, long-term nature of service contracts tends to encourage a more obliging attitude to incentives and adjustments in performance that are tied to them. The situation can be contrasted to projects of a limited term in which both parties might attempt to maximize their own gains, each at the expense of the other.

10.4 Statutory and regulatory considerations

The procurer should have previously identified the legislation that is applicable to its facilities and operations in the SLA in accordance with 8.3. The procurer should request, on a periodic basis, evidence regarding the service provider's compliance with the identified legislation.

10.5 Supply chain considerations

The procurer should reserve the right not to allow service providers to subcontract or assign the contract without written permission. Relevant provision should be made in the agreement or contract to deal with this eventuality (see 9.1).

NOTE It is possible that a service provider might encounter difficulty in resourcing the contract sufficiently. There can be many reasons and it is important to understand what these are so that the situation can be rectified without delay.

Service providers should be required to report on any matter affecting or likely to affect their ability to fulfil obligations or duties under the contract for reason of shortage or non-availability of resources. Service providers should demonstrate how they plan to overcome any shortcoming in this regard. Account should be taken by the procurer of any assistance it might be able to provide to a service provider to minimize the impact of any such shortcoming.

10.6 Operational processes and procedures

Service providers should be required to produce plans of their operations, including the category and number of operational personnel, as well as the managerial personnel necessary for efficient and effective service delivery. The time horizon for this purpose should be a minimum of three months. A longer period might be advisable where changes in the work environment are being considered.

Changes to operational processes and procedures should form the subject of discussion at performance review meetings (see Clause 11). They should not be sanctioned until or unless considered in a review meeting other than for reason of safety or inoperability.

The procurer should monitor the performance of all service contracts to identify any deviation from agreed plans, processes, practices and procedures. Service providers should be made responsible for bringing to the attention of the procurer any matter that is or is likely to impact on due delivery of a service or part thereof.

The procurer should avoid intervening directly in operational processes other than for reason of health, safety, security and the environment. Service providers should be allowed to concentrate on operational matters, leaving the procurer in an overseeing role. Other matters, for example human resource management, whilst highly-important might not be time-critical. Any concern should be recorded by the procurer and relevant information should be requested from the service provider so that the matter can be examined at the subsequent performance review meeting.

Changes to the scope of services, service specifications or service levels should be avoided unless the implications are understood and agreed beforehand. Where a change is necessary and significant, its cost should be evaluated before approval and based on tendered prices and rates. Where such prices and rates are unavailable, it should be made clear to the service provider that additional works are valued at current market rates. The evaluation of changes should be consistent with the conditions of contract. Changes should be approved by the procurer.

The procurer should, as a minimum:

- approve changes before they are implemented;
- prior to approval and for significant changes, undertake a risk assessment to determine the acceptability of the change in terms of its impact on safety, quality or performance of service delivery, likely end-user acceptance, cost and time (see 5.10);
- if the change is approved, request the service provider to implement the change; and
- sign-off the change once implemented and performed satisfactorily.

10.7 Management information and reporting

The successful management of service contracts depends on adherence to a number of key practices. The following key practices should be carried out by the procurer.

- Roles and responsibilities should be defined and allocated, with responsibility for the overall management of service delivery resting with the procurer (see 4.1).
- For large service contracts, a contract manager or account manager should be appointed by the procurer (budgets should reflect the additional resourcing and cost involved) (see 5.12.5 and 11.4).
- Information to be provided by the service provider for the purpose of reporting on performance, productivity and progress should be defined in the SLA, including the form it should take and the frequency of reporting (see 8.5 and 11.7).
- An open-book arrangement should form part of the SLA, with the procurer having the right to inspect the service provider's financial accounts for the contract (see 8.4).
- A help desk (or central coordination point) should be set up to manage the interface between end-users and service providers (see 8.4).

The extent to which service providers are required to use or interface with the procurer's management and/or quality system should be defined. Details should be provided in RFPs (see 6.2 and Clause 8).

11 Performance review

11.1 General

Performance reviews should be formally-constituted meetings between the main contacts and should be where outstanding difficulties and disagreements are resolved. Review meetings should provide the forum for considering changes that might be necessary, for example, to raise performance, realize targets and agree incentives. Monthly meetings are likely to be appropriate for most situations, although fortnightly or weekly meetings might be advisable in the early stages of a new contract or where the scale or complexity of operations demands more frequent review.

The procurer should be responsible for the regular convening of performance review meetings whose agenda should cover, as a minimum, the following:

- customer review;
- operational review;
- financial review and payments;
- human resource review;
- statutory/regulatory compliance review; and
- action plans for the coming period.

In determining the overall performance of service providers, the procurer should take account of the following, as a minimum:

- compliance with regulations and any relevant standards or guidelines;
- quality or performance-related targets;
- expenditure limits;
- time-related targets; and
- relationship between the service provider and end-users.

COMMENTARY ON CLAUSE 11.1

In order to encourage safe and effective delivery of services, performance reviews should be held periodically between the procurer and each service provider. Reviews offer both parties the chance to examine performance, to determine if targets are being met and if performance is following a particular trend.

Measurement of performance is ordinarily based on work done or work outstanding. It focuses on what has been achieved or not (i.e. outputs and outcomes) and provides an indication of performance. Trends in performance emerge over successive reporting periods – improving, declining or remaining the same. A minor disadvantage of this approach is that performance indicators follow events, with action focused on correcting a deviant trend. The procurer might find it useful to measure or require service providers to measure inputs too; for example, human resources deployed and consumable materials ordered. Whilst not the most appropriate basis for performance measurement, quantified inputs can alert the procurer to instances of under-resourcing. There is no need to wait to see the hard evidence of missed targets if it becomes clear that insufficient resources are being committed up front.

11.2 End-user review

Feedback on the quality of service delivery should be gathered from end-users periodically. A balance should be struck between regular garnering of information through surveys and informal or occasional enquiries. A basis for providing end-users with responses on their feedback should be implemented. The results of feedback should be summarized and made available to both end-users and service providers and used in performance review meetings.

Whilst a structured approach to feedback from end-users is preferable, it should not preclude less formal means; indeed, the latter is encouraged as an adjunct to formal feedback.

11.3 Operational review

The procurer should request a minimum of the following information from the service providers for each service:

- actual performance vs. planned performance for each unit of measurement;
- criteria met and exceeded;
- overall performance; and
- any matter requiring attention.

NOTE Unit of measurement refers to each discrete output or outcome that has been separately identified within the SLA and for which a target or goal has been stated.

11.4 Financial review

The procurer should keep an up-to-date account of its overall financial position in regard to service contracts and its financial exposure in the event of contract termination. It should, as a minimum, produce monthly reports on the following:

- a) original budget;
- b) approved changes;
- c) current approved budget (a+b);
- d) total commitments;
- e) actual costs;
- f) open commitment (d-e);
- g) estimated value of uncommitted work;
- h) estimated final net value of work (d+g);
- i) required contingency;
- j) estimated cost at end of contract (h+i); and
- k) over/under expenditure (c-j).

The performance of individual service contracts in terms of actual costs against budgets should be reviewed monthly and should be made available at each performance review meeting. Increased costs arising from contracts based on variable prices and rates should be included under actual costs [see 11.4e)]. Under such contracts, the procurer should make an appropriate allowance for increased costs under the original budget [see 11.4a)].

The capability of service providers to continue to deliver services should form the basis of a process of continual monitoring and an annual review. The financial health of a service provider might change over time and the procurer needs to be informed of any matter that might impact negatively on the service provider's ability to deliver the service.

COMMENTARY ON 11.4

Financial and management accounting fall outside the scope of this British Standard. Even so, some appreciation of the procurer's commitments and exposure should be ascertained and brought to the attention of contract or account managers where appointed.

Budgets are set for the duration of a contract where the contract is for less than twelve months; otherwise, budgets are normally set annually. The list is likely to differ between organizations depending on their accounting practices.

11.5 Human resource review

The primary interest of the procurer and service providers in regard of human resources should be health and safety performance. Reporting on health and safety should include details of all accidents and incidents logged in the period, a diagnosis of their cause and immediate actions taken to prevent recurrence.

The performance review meeting should consider the lessons to be learned from actual events or reports of any incident that might have had the potential to compromise health and safety.

COMMENTARY ON 11.5

The extent to which service providers have fulfilled their obligations in terms of quality and performance and timeliness of service delivery depends in large part upon the deployment of appropriate resources, especially human resources. Appropriate resources refer primarily to the quantity, type and productivity of human resources. Shortcomings in any of these areas is bound to impact on performance and the achievement of targets and goals. Accidents might be an indicator of the nature of operations, especially those presenting hazards to personnel, safety culture, supervision, training and induction to the workplace, as well as management style. Attention is also drawn to the Health and Safety at Work etc. Act 1974 [7].

11.6 Statutory/regulatory compliance review

The performance review meeting should consider all instances where a breach of statutory obligations or duties has occurred. Full account of the circumstances surrounding any breach or non-compliance should be reported and the actions taken, or to be taken, to remedy that breach.

11.7 Performance indicators

Performance indicators should be reported in simple and direct terms that allow progress towards achieving targets or goals to be readily comprehended. The procurer should identify those performance indicators that are regarded as key to understanding performance overall, including any trends that might reveal improving or declining outputs or other features. Key performance indicators (KPIs) should represent the significant few measures that allow the procurer and service providers to act quickly and decisively upon any deviant performance.

COMMENTARY ON 11.7

Measuring a large number of performance indicators and labelling all as “key” is best avoided. Apart from obscuring the view of what is important to note and act upon and what is not, it can waste valuable resources. In the worst case, it can create a false sense of wellbeing for senior managers. Utilizing KPIs from another organization might be tempting; however, they are likely to have been determined by that organization’s critical success factors and business objectives. Such KPIs might have a purpose in revealing an aspect of performance that is not adequately quantified at present, but make sense only where there is a clear link to defined critical success factors. KPIs that are not linked to success criteria (and in turn to business objectives) can amount to misinformation, with senior managers tracking performance and trends that might serve little or no useful purpose. Since performance indicators naturally follow events, there is bound to be delay in detecting a deviation in performance. For this reason, it is sensible to minimize the time between an output or outcome and its measurement and reporting.

11.8 Action plans

Actions arising during performance review meetings should, as a minimum, be determined by the following:

- the comparison of tendered cost vs. actual cost;
- the effectiveness of performance measurement in highlighting trends;
- the current performance rating and targets for the coming periods;
- the changes proposed vs. those approved;
- any ideas for increasing end-user satisfaction and value for money; and
- where applicable, any discussion of contentious issues to avoid escalation and dispute.

Annex A (informative) Checklist of actions

The actions checklist given in Table A.1 is intended to assist the procurer with the process of planning the procurement of facility-related services and in subsequent review of service delivery as part of its commitment to continual improvement.

Table A.1 Actions checklist (1 of 11)

Clause	Description	Yes	No	Action required
	General considerations			
	Has the procurer differentiated between core business and non-core activities?			
	Does the procurer have a defined facility management function?			
	Does the facility management function support the core business?			
	Has a policy on procurement been developed and documented?			
	Has the procurer defined the basis upon which the success of its procurement is to be judged?			
	Is there a defined process for procuring facility-related services?			
	Does the procurer understand the concept of scaling its approach to procurement?			
	Is the performance of facility-related services the subject of regular benchmarking?			
4	Primary processes			
	<i>Roles, responsibilities and accountabilities</i>			
	Have roles, responsibilities and accountabilities in procurement been defined, i.e. who does what?			
	Has a RASCI chart or other representation been prepared to show who does what?			
	Does the procurer intend to develop the informed client function?			
	Does the concept of continual improvement apply to procurement?			
	Does the procurer possess the range and depth of skills required to procure services and manage their delivery?			
	If applicable, have additional human resources been obtained externally to supplement the current skills of the procurer?			
	<i>Planning for procurement</i>			
	Has a plan/schedule of the procurement process been prepared to show stages, planned activities, resources, decision points, deliverables/outcomes and milestones/deadlines?			
	Have approvals and other decisions been considered as activities (having a duration) in the plan/schedule, as opposed to being shown as milestones?			

Table A.1 Actions checklist (2 of 11)

Clause	Description	Yes	No	Action required
	Is the tendering process identified in the plan/schedule for procurement?			
	Have stakeholders been identified and their role in procurement been clarified?			
	Does the plan/schedule reflect the requirements of processes and procedures relating to corporate governance?			
	<i>Facility management strategy</i>			
	Has the procurer prepared a facility management strategy to serve as the context within which procurement is planned and undertaken?			
5	Establish needs			
	<i>Business objectives</i>			
	Has a statement on the nature of the procurer's business operations, including any planned extensions and additions or closure of operations, and its objectives been prepared?			
	Have critical success factors, in the context of successfully operating the core business, been identified?			
	Are the roles of facility management in general and the procurement of facility-related services in particular evident in the formulation of these critical success factors?			
	Are there special requirements or targets that should be taken into account when operationalizing the procurement and delivery of facility-related services?			
	<i>Main drivers and constraints</i>			
	Is the procurer aware of the internal and external factors driving or constraining the current and likely future business of the organization?			
	Has the procurer taken account of how these factors might change from stage to stage in the procurement process in terms of exerting negative or positive influences on decision-making and outcomes?			
	<i>Scope of services</i>			
	Has the extent of facility-related services been outlined, with each service separately identified?			
	Is the procurer confident that the entire scope of services has been outlined?			
	Have the broad expectations of the facility's end-users been summarized for each identified service?			
	Have interfaces and relationships between each service been identified?			
	<i>Stakeholder engagement</i>			
	Has a stakeholder impact assessment been undertaken with the results made available to inform decision-making in procurement?			
	Have the views and concerns of stakeholders been actively canvassed?			

Table A.1 Actions checklist (3 of 11)

Clause	Description	Yes	No	Action required
	Has a communication plan been prepared to assist in stakeholder engagement?			
	Does a shared understanding exist between the procurer and service providers in regard to the implementation of the facility management strategy?			
	<i>End-user needs</i>			
	Have all stakeholders been involved in defining their needs and the performance that is acceptable (i.e. service levels)?			
	Have stakeholders prioritized their needs?			
	Are sufficient safeguards in place to prevent scope creep once specifications and service levels have been agreed?			
	If defining and specifying needs for the first time, is the procurer confident that there is no over-specification that could lead to unnecessarily high costs?			
	<i>Portfolio and space audit</i>			
	Has an audit of the portfolio and its space been undertaken to determine if the amount and type of space is appropriate and affordable into the future?			
	Has the cost of providing, maintaining and/or upgrading space been compared to reveal any situation where space is unproductive and/or uneconomical?			
	Has the extent of space qualifying for service provision been established?			
	Do space and service provision anticipate the needs of people with disabilities?			
	Has the procurer recently undertaken a risk and opportunity assessment of its facilities?			
	<i>Services audit</i>			
	Have the current arrangements in terms of policy, processes and procedures for the delivery of services been critically reviewed?			
	<i>Market audit</i>			
	Is market testing conducted at intervals to match the normal period for the award of service contracts?			
	<i>Risks and opportunities</i>			
	Has an assessment been undertaken to identify risks and opportunities that could potentially impact the procurement and delivery of services?			
	Are all risks recorded in a risk register and is it kept up-to-date?			
	Have criteria for judging whether or not a risk might be regarded as significant, and therefore requiring evaluation and mitigation, been established?			
	Have opportunities for improving end-user satisfaction, best value for money or other criteria contributing to successful procurement and delivery of services been investigated?			

Table A.1 Actions checklist (4 of 11)

Clause	Description	Yes	No	Action required
	<i>Development of options for service delivery</i>			
	Have options for service delivery been defined, as based on a match with identified needs?			
	Has the procurer taken account of the extent to which the informed client function has been developed and any possible need to supplement its current capability?			
	Does the procurer recognize the need to retain and/or maintain its own management function and resources where a managed approach to service delivery is being considered?			
	Has the selection of the most appropriate option or combination of options taken account of the resources and costs involved in managing the relationship with each service provider?			
	Has the cost of managing service providers been included in the budgets?			
	<i>Criteria for evaluating options</i>			
	Has the procurer identified attributes of service that are considered important in each service area as a basis for determining the suitability of available options for delivery?			
	Has a transparent and structured approach to assessing the suitability of options for service delivery been undertaken?			
	<i>Outsourcing policy and decision</i>			
	Where a service is to be provided from within the procurer's organization, has account been taken of the need to integrate that service with those procured externally?			
	Is the interval between reviews of the outsourcing decision appropriate to allow a balance between the need for competitively-tendered service contracts and continuity of work for service providers?			
	<i>Statutory/regulatory considerations</i>			
	Is the procurer satisfied that the procurement conforms to statutory obligations and legal requirements; if not, has appropriate professional/legal advice been sought?			
	Is the procurer satisfied that the procurement conforms to recognized standards and recommendations covering the scope of services?			
6	Develop procurement strategy			
	<i>Centralized vs. de-centralized management of service contracts</i>			
	Is there a policy on what services may be procured locally and those that may only be procured centrally or vice versa?			

Table A.1 Actions checklist (5 of 11)

Clause	Description	Yes	No	Action required
	Have relevant stakeholders been consulted at this stage and is the communication plan in place to manage their engagement?			
	Is the day-to-day management and authority for service contract awards, approval of payments and significant changes subject to specific conditions?			
	Have responsibilities for health, safety, security, sustainability, access, inclusion and equality been reviewed against the procurer's supporting policy statements?			
	Are explicit procedures for managing service contracts in place?			
	Are service providers required to use the procurer's IT systems for the transfer of information and data?			
	<i>Geographical location and limits</i>			
	Is the procurer aware of the extent to which the local market is able to offer the services planned and any geographical limits that might apply to prospective service providers?			
	<i>Single vs. multiple services</i>			
	Has the most beneficial combination of services been determined based on their scope and taking account of interrelationships and interfaces?			
	Is there evidence that prospective service providers have the ability to deliver the range of services being considered?			
	<i>Local, regional and national service providers</i>			
	Has the procurer determined the extent to which the market locally, regionally or nationally has the capacity to satisfy needs and the specialization, number and size of service providers involved?			
	<i>Tendering process</i>			
	Does the procurer recognize the tendering process as an integral part of procurement?			
	Has the overall period for tendering been determined to take adequate account of the time needed by prospective service providers to comply with requests?			
	If applicable, do procedures for e-tendering exist and are prospective service providers aware of the requirements?			
	Has a decision been taken to review policy on e-tendering periodically?			
7	Request for information (RFI) and pre-qualification			
	<i>Pre-qualification of service providers</i>			
	Has an RFI/PQQ been prepared that is capable of being completed fully by a bona fide service provider?			
	Is the RFI/PQQ in two parts: a preliminary evaluation to exclude unsuitable service providers, followed by a detailed evaluation to measure the abilities of suitable service providers?			

Table A.1 Actions checklist (6 of 11)

Clause	Description	Yes	No	Action required
	Has a rational decision been taken on the number of service providers to be invited to submit an RFI/PQQ?			
	Is the procurer confident that following receipt of RFIs/PQQs there is sufficient information to hand to move ahead to a request for proposal (RFP)?			
	<i>Financial appraisal</i>			
	Are procedures in place to ensure that all prospective service providers are treated fairly and with equal due diligence during financial appraisal?			
	Have the previous two years of accounts of service providers been inspected to establish financial standing?			
	Have the ability and capacity of each service provider to deliver the respective service at the current estimated contract value been assessed?			
	Have the cash flow and cash generating ability of each service provider been assessed?			
	<i>Organization culture</i>			
	Has the procurer made available general business principles, workplace charter and/or other statements of core values to existing and prospective service providers?			
	Are there aspects of identified services that necessitate a special response from, and/or treatment by, service providers and have details been embodied in RFIs/PQQs?			
	Do any facilities require adoption of different standards of conduct, behaviour, attire or other requirements?			
	Have the needs of persons with disabilities been identified, including special provisions and assistance, and embodied in RFIs/PQQs?			
	<i>Health, safety, security and sustainability</i>			
	Does the procurer have a policy statement on health, safety, security and sustainability and is it posted on the public website or else available on request?			
	Are workplaces regarded as healthy, safe and secure?			
	Has a competent person been appointed to ensure that the procurer complies with health, safety, security and sustainability requirements?			
	Is the competent person accessible for service providers; if not, are similar arrangements to be put in place by the latter?			
	Are measures needed to vet or clear persons in the employ of a service provider prior to being granted access?			
	Have responsibilities for making arrangements in regard to vetting or clearance been made clear?			
	Are procedures and contingency plans in place to deal with responsibilities and responses in the event of an emergency, i.e. accident or other incident arising from fire, flood, power cuts etc.?			

Table A.1 Actions checklist (7 of 11)

Clause	Description	Yes	No	Action required
	Has provision been made in RFIs to require prospective service providers to confirm their employment of a health and safety person?			
	Has the presence of any hazardous substances, plant or equipment been brought to the attention of service providers?			
	Are arrangements in place to ensure that service providers' personnel undertake training in health, safety and security?			
	Have risks to the health, safety and security of anyone affected by procurement-related activities been assessed and a basis for preventive and proactive measures been implemented?			
	Have the requirements of people with disabilities and other specific needs been taken into account with appropriate measures put in place to safeguard their use of facilities?			
	Does the procurer have monitoring and review arrangements to support the commitment to continual improvement in health, safety and security?			
	<i>Access, inclusion and equality</i>			
	Is the procurer acting in accordance with requirements covering human resources and equality for all?			
	Are prospective service providers acting in accordance with requirements covering human resources and equality for all?			
	Have policies in procurement, including human resources and equality for all, been aligned with duties under requirements?			
	<i>Corporate social responsibility (CSR)</i>			
	Has a policy on CSR been prepared and communicated to prospective service providers?			
	Has provision been made in RFIs to require each service provider to provide details of its commitment to CSR?			
	<i>Assessment criteria</i>			
	Have the criteria and method for assessing the suitability of prospective service providers been prepared and made known to them in advance of issuing RFIs?			
	Has each prospective service provider been interviewed to discuss needs/requirements and been given the chance to inspect the facilities?			
	Has a short-list of prospective service providers been finalized and does it contain a sufficient number to allow for fair competition?			

Table A.1 Actions checklist (8 of 11)

Clause	Description	Yes	No	Action required
8	Request for proposal (RFP)			
	<i>Service definition process</i>			
	Has an RFP been prepared in a form that is acceptable both as a tender and a basis for a binding contract between procurer and service provider?			
	Has the procurer determined if standard forms of contract are available and appropriate to its needs in procurement?			
	Have conditions of contract been agreed?			
	Is professional and/or legal advice needed in regard to the use of standard forms of contract or conditions of contract?			
	<i>Service specification</i>			
	Have service specifications been prepared for every service and do they avoid, as far as practicable, requirements that restrict the service provider in providing the most efficient and effective service?			
	Are outputs defined in service specifications and is there evidence or experience to show that they are achievable?			
	Have service specifications been drafted so that changes in operational requirements can be accommodated without invalidating the agreement or contract?			
	Has provision been made to allow spot checks of permits, certificates, records and other documentation as evidence of service providers' compliance with legislation?			
	<i>Service levels</i>			
	Do service level agreements (SLAs) identify performance targets, minimum acceptable standards of performance, remuneration, penalties and incentives?			
	Have SLAs been drafted so that changes in performance requirements can be accommodated without invalidating service specifications or the contract?			
	<i>Performance measurement and reporting</i>			
	Is performance measurement and reporting included in the duties of the service provider?			
	Has the procurer reserved the right to require evidence of work performed before considering an application for payment?			
	Are procedures in place for dealing with performance that falls below an acceptable level and do they include the imposition of penalties?			
	Have incentives been considered for higher levels of performance than those specified?			

Table A.1 Actions checklist (9 of 11)

Clause	Description	Yes	No	Action required
9	Evaluation and commercial/financial close			
	<i>Assessment criteria and weighting</i>			
	Have the criteria and method for assessing each tender, as represented by a completed RFP, been prepared and made known to service providers in advance of tendering?			
	Has a two-envelope tender competition been considered?			
	Is whole-life cost considered part of the assessment for services involving maintenance and the replacement of plant and equipment?			
	<i>Operational considerations</i>			
	Is the procurer satisfied with the operational approach proposed by service providers?			
	<i>Pre-contract meeting</i>			
	Has a meeting been convened with each selected service provider to discuss, amongst other matters, mobilization, compliance with statutory obligations and contract administration?			
	<i>Contract award</i>			
	Has everything been done that needs to be done to proceed with the formalization of a contract?			
	Have unsuccessful tenderers been informed of their position and given the opportunity to discuss their performance in the tender competition?			
10	Mobilization/go-live			
	<i>Terms of reference</i>			
	Has an information pack been prepared by the procurer for service providers covering operational matters?			
	Are lines of communication between the procurer and service providers clear?			
	Has a helpdesk been set-up to co-ordinate communication between end-users and service providers?			
	Has a mobilization plan been prepared?			
	Is a transition plan needed?			
	Are arrangements for out-of-hours working required?			
	<i>Human resource considerations</i>			
	Has the procurer defined and resourced the role of managing the on-going relationship with service providers?			
	Does the procurer have a formal system of performance appraisal? Are targets or goals aligned between the procurer's personnel and service providers?			

Table A.1 Actions checklist (10 of 11)

Clause	Description	Yes	No	Action required
	Are service providers actively encouraged to develop their own skills and expertise?			
	<i>Statutory/regulatory considerations</i>			
	Has the procurer obtained evidence of service providers' compliance with statutory obligations and legal requirements?			
	Has provision been made for the display of certificates, notices and other information required in accordance with legislation?			
	<i>Supply chain considerations</i>			
	Is the procurer clear about the extent of any subcontracting on the part of service providers and has approval been given?			
	<i>Operational processes and procedures</i>			
	Have plans of service provider operations been requested?			
	Has the procurer implemented procedures to monitor performance of all service contracts and any deviation from plans?			
	Is a change control process/procedure in place?			
	<i>Management information and reporting</i>			
	Has the extent to which service providers are required to use or interface with the procurer's management and/or quality system been determined and agreed?			
11	Performance review			
	Has a timetable for performance review of each service contract been agreed and an agenda prepared?			
	<i>End-user review</i>			
	Has a formal means for gathering feedback from end-users on the quality of service delivery been implemented?			
	<i>Operational review</i>			
	Have information and data required by the procurer for checking progress and performance been provided by service providers for each service?			
	<i>Financial review</i>			
	Does the procurer have an up-to-date account of its overall financial position covering all service contracts?			
	Has the procurer reviewed, within the past twelve months, the capability of each service provider to continue to deliver its service?			
	<i>Human resources review</i>			
	Are service providers reporting immediately and accurately on any accident or incident and is that followed by diagnosis of cause and required further actions?			

Table A.1 Actions checklist (11 of 11)

Clause	Description	Yes	No	Action required
	Are lessons learned, discussed and, where appropriate, fed into the periodic review of processes and procedures?			
	<i>Statutory/regulatory compliance review</i>			
	Are all cases where a breach of statutory obligations or duties has occurred been fully reported and follow-up actions verified?			
	<i>Performance measurement</i>			
	Has the format for providing the procurer with performance data and information been defined?			
	Are performance indicators reported in simple and direct terms and are the KPIs amongst them highlighted?			
	Are performance indicators (including KPIs) linked to critical success factors which in turn link to business objectives?			
	<i>Action plans</i>			
	Are actions arising from performance review meetings recorded and are their progress considered at the subsequent meeting?			

Annex B
(informative)**Example of an option evaluation matrix**

Attributes of service can be entered in a matrix where each of the attributes (rows in the matrix) is considered in the context of different options for the delivery of services (columns in the matrix). Experience and personal judgement are used to ascertain the scores and a weighting if one or more attribute is rated as highly important.

Whatever approach is adopted, transparency is of the utmost importance so that there can be no later concerns about bias. The procurer can use questionnaires and checklists to identify, for example, especially important services and their related risks. Assessment should be made of the probability and consequences of such risks.

Table B.1 Example of an option evaluation matrix

Name of service: Example		Options					
Attributes of service	Weight	Single service	Bundled services	Managing agent	Managing contractor	Managed budget	Total FM
End-user service	1	1	2	0	1	1	0
Uniqueness of service	1	1	2	0	1	1	0
Priority	2	1	2	0	1	1	0
Flexibility	1	2	1	0	1	1	0
Speed of response	1	1	2	0	1	1	0
Management and indirect cost	2	2	2	0	1	1	0
Control	1	1	2	0	1	1	0
Totals (unweighted)		9	13	0	7	7	0
Totals (weighted)		12	17	0	9	9	0

NOTE Scores under options are based on: 0 = fails to satisfy attribute; 1 = moderately satisfies attribute; and 2 = strongly satisfies attribute. In this example, bundled services comes out strongly as the option most likely to satisfy the various attributes. Even so, this activity needs to be repeated for each service as only then can a view of the best option overall be seen.

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²⁾ Currently in preparation.

³⁾ Copies can be obtained from The Stationery Office, 51 Nine Elms Lane, London SW8 5DR UK, Tel: +44(0)870 600 5522, Fax: +44(0)870 600 5533, email: customer.services@tso.co.uk, website: <http://www.tso.co.uk>.

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