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**Procurement of facility-related services
— Code of Practice**

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Foreword

Publishing information

This British Standard is published by BSI and came into effect on 28 February 2018. 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.

Supersession

This British Standard supersedes [BS 8572:2011](#), which is withdrawn.

Information about this document

The initial drafting of this British Standard was produced in association with the Department for Business, Energy and Industrial Strategy (BEIS) as part of their ongoing programme of support for standardization.

This is a full revision of the standard, and introduces the following principal changes:

- a) conversion from a guidance document to a code of practice;
- b) general updating to align with, and cross-reference, recently published standards on facilities management;
- c) new provisions relating to a procurer's target operating model and integrator model;
- d) recommendations on the management of the direct cost of a service;
- e) recommendations on managing innovation and transformation in service delivery (including the use of novel devices and other disruptive technology);
- f) elaboration of provisions for the prequalification of service providers (including the outline content of a prequalification questionnaire);
- g) alignment with the recently published NEC4 Term Service Contract [1];
- h) new provisions covering termination of a service contract; and
- i) additional provisions for the demobilization of an existing service provider.

The standard focuses on the procurement process for the delivery of facility-related services, incorporating purchasing and supply considerations. Guidance on strategic sourcing and the development of agreements is given in ISO 41012.

Use of this document

As a code of practice, 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.

Where words have alternative spellings, the preferred spelling of the Shorter Oxford English Dictionary is used (e.g. “organization” rather than “organisation”).

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 and any subsequent amendment thereof whilst this standard remains current:

- Equality Act 2010 [2];
- Competition Act 1998 [3];
- The Transfer of Undertakings (Protection of Employment) Regulations 2006 [4];
- The Public Contracts Regulations 2015 [5];
- Freedom of Information Act 2000 [6];
- Environmental Protection Act 1990 [7];
- Health and Safety at Work etc. Act 1974 [8];
- The Construction (Design and Management) Regulations 2015 [9];
- Modern Slavery Act 2015 [10];
- Bribery Act 2010 [11];
- Landlord and Tenant Act 1988 [12];
- Data Protection Act 1998 [13];
- The Working Time (Amendment) (No. 2) Regulations 2009 [14].

0 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 its end users. Facility-related services might include, for example, cleaning, security, waste disposal, inspection, pest control, building maintenance, building services maintenance, minor construction works, reprographics, help desk, 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 purchase and supply decisions to represent a major and integral part of an organization's facilities management. For this reason, it is important to ensure that it is carried out in a way that is both consistent and thorough, taking into account all 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 recommendations 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 its facilities, can be factors in determining the extent to which some areas of 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 gives recommendations and offers guidance 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 who are the ultimate recipients of the services, i.e. its end users. It covers both new and existing facilities.

This British Standard is applicable to organizations facing retendering 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, it does not cover those areas of public sector procurement of facility-related services which are subject to public procurement regulations. Notwithstanding, the standard indicates where certain practices might strengthen the approach that has to be taken.

This British Standard 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 insourced services.

NOTE BS 8536-1 covers operational performance requirements in briefing for the design and construction of a new or refurbished facility. Those requirements provide a useful context for procuring facility-related services.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes provisions 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 (both parts), *Design of an accessible and inclusive built environment*

NOTE 1 This standard also gives informative references to [BS 8300-1:2018](#).

[BS 9999](#), *Fire safety in the design, management and use of buildings — Code of practice*

NOTE 2 This standard also gives informative references to [BS 9999:2017](#).

ISO 41011, *Facility management — Vocabulary*

NOTE 3 This standard also gives informative references to [ISO 41011:2017](#).

ISO 41012, *Facility management — Guidance on strategic sourcing and the development of agreements*

3 Terms, definitions and abbreviations

3.1 Terms and definitions

For the purposes of this British Standard, the terms and definitions given in ISO 41011 and ISO 41012 and the following apply.

3.1.1 access

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

[SOURCE: BS 8300-1:2018, 3.1]

3.1.2 accessible

capable of being independently accessed and used

[SOURCE: BS 8300-1:2018, 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

[SOURCE: BS 9999:2017, 3.23]

3.1.4 core business

entity from which needs are derived

[SOURCE: ISO 41011:2017, 3.1.7]

3.1.5 deliverable

product or service as an outcome of a process

[SOURCE: BS 8536-1:2015, 3.1.20]

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

intentions and direction of an organization related to environmental performance as formally expressed by its top management

[SOURCE: BS EN ISO 14001:2015, 3.1.3]

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

NOTE This is the modified definition of "facility service" given in ISO 41011:2017, 3.1.3.1.

3.1.10 flash report

periodic snapshot of key financial and operational data

3.1.11 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

3.1.12 innovation and transformation committee

joint management team that governs the process of managing innovation and transformation in the outsourced processes in order to enhance delivered value

[SOURCE: BS ISO 37500:2014, 3.7]

3.1.13 insourcing

delivery of a service by one part of an organization to another

[SOURCE: BS 8892:2014, 3.1.7]

3.1.14 integrator model

arrangement in which a single supply chain partner coordinates and controls key service providers across a range of business support functions

3.1.15 operational strategy

overall approach to managing production or use of a facility

3.1.16 operator

organization responsible for the day-to-day operation of a facility

[SOURCE: BS 8536-1:2015, 3.1.40, modified]

3.1.17 outsourcing

business model for the delivery of a product or services to a client by a provider

[SOURCE: BS ISO 37500:2014, 3.10]

3.1.18 performance

behaviour in service of a facility for a specified use

[SOURCE: BS ISO 15686-10:2010, 3.19, modified]

3.1.19 primary process

process identified by an organization as essential to the provision of a service or product in its value chain directly to its customers

3.1.20 procurement policy

generic policy applying to all procurements of the procurer and informing all subsequent stages of the procurement process

3.1.21 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.

3.1.22 provision

functional, operational or user requirement (demand and/or preference) in relation to a facility

3.1.23 quality

degree to which a set of inherent characteristics of an object fulfils requirements

[SOURCE: BS EN ISO 9000:2015, 3.6.2]

3.1.24 RASCI chart

responsibility assignment matrix 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.

3.1.25 risk response

action or set of actions to reduce the probability or impact of a threat, or to increase the probability or impact of an opportunity

NOTE Definition taken from APM Body of Knowledge [15].

3.1.26 scope creep

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

3.1.27 self-delivery

mode of service delivery based solely upon the provider's own resources

3.1.28 service provider

organization that delivers one or more facility services

[SOURCE: ISO 41011:2017, 3.1.5]

NOTE A service provider can be internal or external.

3.1.29 social responsibility

responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour

[SOURCE: BS ISO 26000:2010, 2.18, modified]

3.1.30 stakeholder

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

[SOURCE: BS ISO 15686-10:2010, 3.30]

3.1.30.1 external stakeholder

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

3.1.30.2 internal stakeholder

individual or group within an organization

3.1.31 sustainability

state in which components of the ecosystem and their functions are maintained for the present and future generations

[SOURCE: BS ISO 15392:2008, 3.20]

3.1.32 target operating model

high-level arrangement for delivering an organization's business strategy expressed in terms of the people, processes, data and technology required to deliver that strategy

3.1.33 transition

activities for migrating agreed upon knowledge, assets, liabilities, systems, processes and people from the client to the provider in order to create desired delivery capability and the reverse situation

[SOURCE: BS ISO 37500:2014, 3.24, modified]

3.2 Abbreviations

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

CAFM	Computer-aided facilities management
IT	Information technology
KPI	Key performance indicator
PQQ	Prequalification 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. This may form part of the organization's established purchasing and supply processes and procedures. Established 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 defined 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. Purchasing and supply professionals can be a valuable source of expertise on the processes and procedures associated with procurement, not least from a corporate governance perspective.

NOTE 2 Attention is drawn to BS ISO 19600, which gives recommendations for the appointment of a compliance function whose role would be to implement and actively manage procurement fraud controls identified in [BS 10501](#).

The procurer should determine where responsibilities and accountabilities rest with respect to defined roles in the procurement of facility-related services. 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, including those covered by established purchasing and supply processes and procedures. Where tasks to be performed fall outside existing roles, the organization should consider designating additional personnel for this purpose. Expert advice from purchasing and supply professionals within the organization should be sought in the first instance. Where such advice is not available, external sources should be determined to supplement internal skills and competence. Where found necessary, additional roles should be defined and incorporated alongside those existing. 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 3 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 unknowingly under or over-specify 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.

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 to 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 (including information) at each stage and the form they should take.

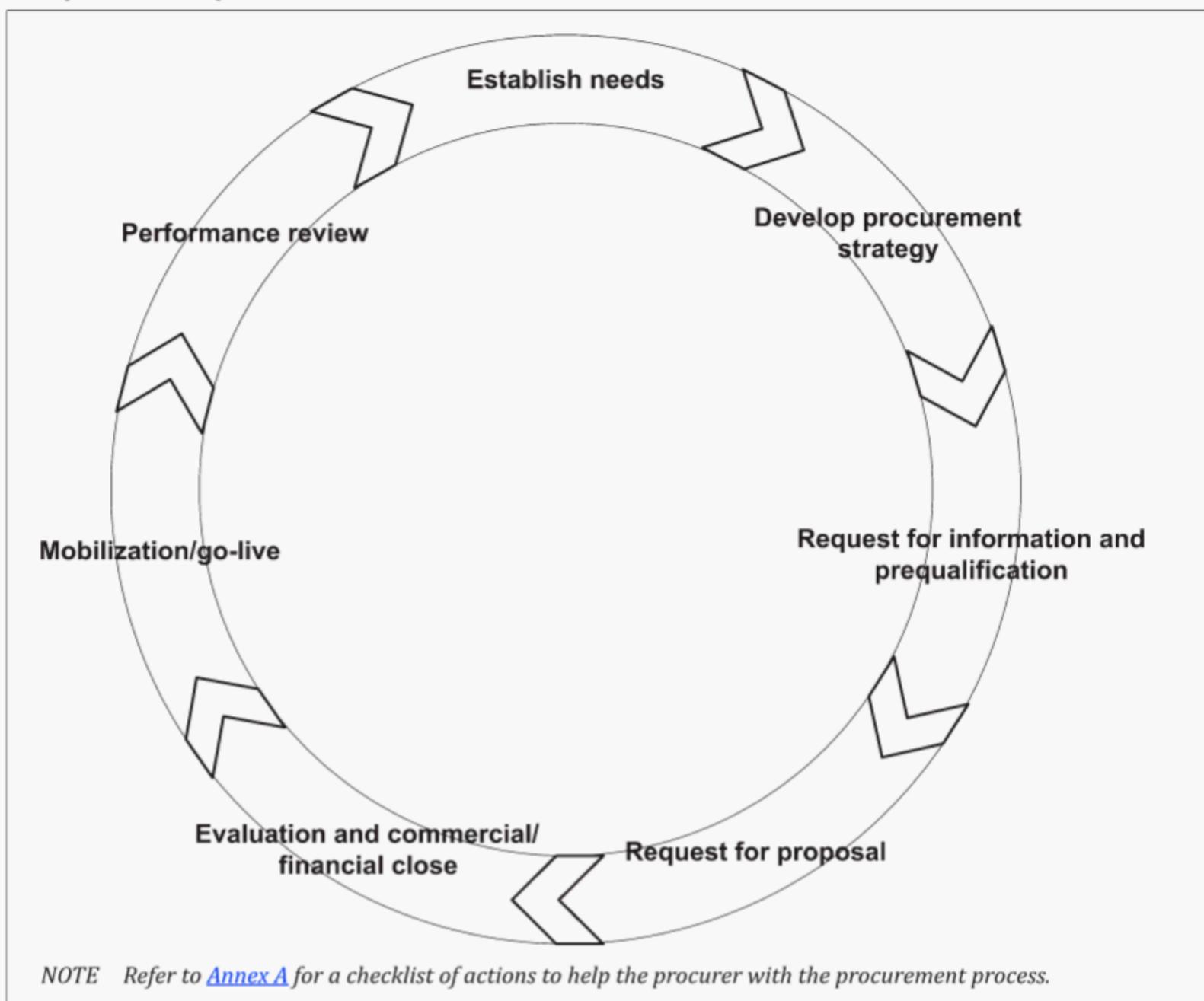
The plan should incorporate the tendering process and procedures to be adopted (see [6.6](#)).

NOTE 2 The plan serves as a roadmap for the procurer in helping service provision to progress from where it currently stands to where it is intended to be. A well-prepared plan provides transparency and can aid the correct application of the recommendations and guidance given 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 on* [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 prequalification (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](#)); and
- g) performance review (see [4.10](#) and [Clause 11](#)).

Figure 1 — *The procurement process*

4.3 Facilities management strategy

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

- business strategy, objectives, outcomes, main drivers and constraints (see [5.2](#) and [5.3](#));
- split between core and non-core business (see [5.2](#));
- target operating model (see [5.2](#));
- geographical location (see [6.3](#));
- organization culture (see [7.3](#));
- sustainability policy (see [7.4](#));
- social responsibility policy (see [7.6](#));
- scope of services (see [5.4](#) and [5.8](#));
- special service requirements and hazardous operations, where applicable (see [5.4](#));
- end users and other stakeholders (see [5.6](#) and [5.5](#) respectively);
- access, inclusion and equality objectives and strategies (see [7.5](#));
- portfolio (including condition of assets/facilities) and space provision (see [5.7](#));
- existing basis and arrangements for service provision (see [5.8](#));

- threats 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 (see [4.2](#));
- source of finance or budgets for procuring and managing services (see [4.2](#)); and
- management of information for planning and controlling services (see [10.7](#)).

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

NOTE 1 The facilities management strategy is the cornerstone of facilities 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 prequalification

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 multiple (or bundled) 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 services that are absolutely necessary and those that are desirable or which might be, for example, justifiable or affordable at a later date without detriment to normal operations in the meantime.

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 considered:

- business strategy, objectives and outcomes (see 5.2);
- target operating model (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 (including feedback from post-occupancy evaluations) (see 5.6);
- portfolio (including condition of assets/facilities) and space provision (see 5.7);
- current arrangement for the provision of services (see 5.8);
- market for services (including acceptable market-testing practice) (see 5.9)
- threats 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 strategy, objectives and outcomes

A statement of the procurer's business strategy and objectives, including any planned extensions and additions or closure of business operations, should be prepared. The content of the statement should distinguish between core and non-core business and define the outcomes that the procurer intends to achieve. The contribution of the facility or facilities in support of the core business should be outlined. Special requirements 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 basis for procuring facility-related services. These requirements may be expressed subsequently in the form of a target operating model, which should incorporate details about the people, processes, data and technology required to deliver the business strategy, objectives and outcomes, as far as these are known.

COMMENTARY ON 5.2

As a support service to the core business of an organization, facilities management exercises a pivotal role in the achievement of business objectives and outcomes. Where facility-related services are procured independently of the facilities management function, there is the danger of compromising business objectives and expected outcomes. Alignment between the objectives implicit in delivering facility-related services at the operational level and the facilities management strategy (see 4.3) and business strategy and 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 strategy and objectives and achieving the expected outcomes 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, including the management of service delivery and the systems

necessary for this purpose. ISO 41001¹ details the requirements for a management system for facilities management. A generic approach to the management of assets can be found in BS ISO 55001.

The procurer should identify factors that are critical to the successful operation of its core business within its business strategy and objectives statement, and explicitly state the extent to which its facility or facilities and, in particular, the facility-related services are expected to contribute to them (see 5.3). It is necessary to state the basis for measuring progress towards achieving these critical success factors (see 8.5 and 11.7).

A target operating model can be a useful way of encapsulating the requirements needed to fulfil a given business strategy which might, or might not, have given rise to a change management project where the outcome is a new operating model for the business or part thereof. The model can also be used to describe the goal state for the procurer's organization, including a definition or redefinition of the relationship between non-core business functions and the core business. Instead of treating facilities management as a non-core, support function, it can be used to add value to the core business. This requires a close coupling between facilities management and the core business where the former becomes embedded in the normal day-to-day operations of the business.

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 technological innovation and changes in working methods (see 5.15) and 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, documented and kept up to date. 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. Account should be taken of any service requirements or hazardous operations that might warrant special consideration.

COMMENTARY ON 5.4

The procurer's facilities management strategy (see 4.3) 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.

¹ Currently in preparation.

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 discussions about the arrangements for facilities 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 facilities 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 facilities management strategy (in terms of the broad approach to the procurement of services) which is both understood and capable of being acted upon.

NOTE 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, as well as landlords and head tenants, where applicable. Attention is drawn to statutory obligations relating to stakeholder engagement, such as those arising in connection with planning, employment and equality legislation (see Commentary on 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, a new or altered facility brings 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 (e.g. post-occupancy evaluations) 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 [2].
- ensuring the adequacy of arrangements for accommodating personnel (including their materials and equipment) engaged in the delivery of services;
 - 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 potentially at lower cost.

Questionnaires can be effective tools for eliciting information from stakeholders and are commonly used in post-occupancy evaluations where formal feedback is sought from end users on the operational performance of the facility or facilities from their perspective. Care is necessary 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 the assets/facilities and space that qualify for service provision, noting the condition, compliance requirements and kind of services involved. Account should be taken of the utilization of 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 (both parts) and BS 9999 in order to achieve an inclusive environment that anticipates the needs of people with disabilities and others with equalities-related needs.

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 reviewed alongside the cost of servicing (see 5.6).

Events that might impact the procurer's use of space negatively and positively should be investigated. Threats and opportunities should be monitored continuously and managed through a risk register, which should be 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 assets/facilities for which the procurer is responsible, i.e. the portfolio. Details of the procurer's assets/facilities are often held in an asset information system or, at the very least, in an asset register (see BS 8536-1 and BS ISO 55001). Such an arrangement can be used to record, update and retrieve information about service requirements, operational performance and space efficiency among other matters.

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, servicing, maintaining and upgrading 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, safety and security 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 service delivery, including its basis, cost and relationship with end users, especially in regard to quality/performance.

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. Account should be taken of the extent to which service providers rely on the use of subcontractors for service delivery as opposed to "self-delivery" of services and the associated quality/performance experienced by end users.

NOTE 1 Subcontracting is common in the delivery of facility-related services. It is important for procurers to understand the extent to which service providers draw on their own resources, i.e. self-deliver, or subcontract work (see 5.11, 6.5 and 10.5).

NOTE 2 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 provides guidance on performance benchmarking in the context of facilities management.

5.9 Market audit

The procurer should establish whether it is necessary to test 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.

The procurer should inform prospective service providers of the reason for seeking technical or cost information.

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 innovations and opportunities, as well as highlighting possible threats. Discussion with existing and prospective service providers extends understanding by enabling judgements to be formed on the capability and capacity available to meet the procurer's planned demand for services. Increasingly important in this regard is the development and deployment of innovative technology and changes in working methods, where the potential exists for improvements in productivity and performance.

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 benchmarking (see BS EN 15221-7) with other organizations having similar facility-related needs. 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). Inappropriate use of the market occurs when service providers are given the impression that they are being considered, or might be considered, for inclusion in a select list of tenderers, but when it is no more than a means for obtaining cost estimates for free. In such cases, service providers waste resources that are ultimately reflected in higher tender figures than would otherwise be the case. Better procurers will make clear the reason why they are seeking a cost estimate. If it is largely to keep abreast of market conditions, it is reasonable for the procurer to meet, or contribute towards, the cost of providing the estimate.

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 price being the sum paid to the service provider for delivery of the service.

5.10 Risk management

NOTE BS ISO 31000 contains guidelines on risk management. BS EN 31010 outlines risk assessment techniques.

Factors or events that could have a potentially negative (i.e. threat) or positive (i.e. opportunity) 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 threats, the procurer should establish prior criteria for judging whether or not they might be classified as significant. Significant threats should be assessed and the most appropriate risk response (e.g. avoid, prevent, transfer, accept and mitigate), including the party best able to manage each threat, should be determined, implemented and recorded. The procurer should include cost contingency in budgets and time contingency in schedules based on the outcome of assessments.

Opportunities should be assessed in terms of their potential to enhance service delivery such as an improvement in end-user satisfaction, the achievement of better value for money or other benefits deemed desirable by the procurer.

All threats and opportunities should be recorded and managed through a risk register which should be kept up to date.

COMMENTARY ON 5.10

A serious attempt to identify threats and opportunities is likely to produce a large number of items in a short time. Risk is embedded in commercial undertakings and the environment that surrounds them. It can prove impractical to assess and evaluate all but those risks which are deemed significant in the

time that might be available. Monitoring of identified risks is necessary to ensure that minor risks do not develop unnoticed into more significant risks. The prior establishment of criteria for judging whether or not a risk might be classified as significant can expedite assessment of negative or positive impacts in terms of health, safety, priority, cost, time, productivity, performance, 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 these two parties, or an attempt by one party to manage 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 cause, probability of the risk event occurring and consequences if it does – a qualitative assessment – to determine which might be classified as significant and the appropriate risk response. Evaluation of significant risks – a quantitative analysis – can then take place, with the most appropriate response and any requirement for 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 aligns with its required business outcomes and incorporates the agreed needs of end users and other key stakeholders. The aim should be to establish the optimal arrangement to satisfy the procurer's business outcomes (see 5.2). Where a target operating model has been developed, this should be used as the primary basis for organizing service delivery.

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 determine an arrangement that supplements its current capability. The following options might provide an alternative basis for organizing service delivery, where there is no defined operating model (see 5.2) or an underdeveloped informed client function (see 4.1).

- *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.

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. The procurer should consider the extent to which it has to retain and/or maintain its own management function and resources.

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

- a) single-service providers;
- b) multiple (or bundled) services provider, where two or more services are delivered by one service provider;

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) direct costs;*
- e) management and indirect costs; and*
- f) control.*

5.12.2 End-user service

The procurer 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). The results of post-occupancy evaluations can be useful in informing the procurer about the standard of services experienced by end users and should be taken into account.

5.12.3 Uniqueness of service

When contemplating alternative means of service provision, the particular demands of any service should be taken into account.

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 threats to effective service provision and opportunities to enhance service provision;
- b) undertake a preliminary assessment to establish probable high-priority threats and opportunities for further investigation;
- c) examine the high-priority threats to assess the probability of occurrence and severity of impact if they do occur;

- d) examine the opportunities and the implications of realizing them;
- e) identify the courses of action deemed necessary to respond to both threats and opportunities; and
- f) allocate responsibility for managing those threats and opportunities.

5.12.5 Direct cost

The direct cost of an outsourced service is the contract sum or value of the purchase order. In comparison, the insourced equivalent cost includes salaries and benefits, consumables and equipment. This direct cost might not attract the same degree of certainty as in the case of outsourced services because of unknown productivity and performance. The procurer should ensure that comparison between outsourcing or insourcing a given service is undertaken on an equal basis.

5.12.6 Management and indirect costs

In evaluating the cost of service provisions, the procurer should identify all costs, both direct and indirect. A common mistake is for direct costs only to be considered, being the contract sum or value of the purchase order. Indirect costs should include those incurred in the internal management of service contracts, the training and development of personnel involved in managing the contract and in physically accommodating service providers. 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 in budgeting (see [BS 8892](#)).

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, attracts costs and these should be estimated and incorporated in budgets.

5.12.7 Control

The procurer should determine the level of control that needs to be exercised over service providers and the degree of integration with the procurer's organization that is appropriate having regard to the security of digital and non-digital assets. Consideration should be given to the gathering, analysis, storage and retrieval of information and data by service providers and the tools and systems used for this purpose. The procurer should ensure that matters of ownership and rights of access to information and data are clearly defined in requests to tender and that arrangements are put in place so that information and data are protected and remain confidential to the procurer's organization (see [6.1](#)). Where service providers utilize their own tools and systems, the procurer should determine the procedure for transferring or disposing of information and data at the end of the contract or earlier date if terminated.

COMMENTARY ON [5.12.7](#)

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, where there is an arm's-length relationship, can limit the level of control. Where more control is desired, a partnering arrangement might be appropriate. In the case of the integrator model, the procurer is giving greater control to a single supply chain partner who is expected to act as if it were the procurer's organization, as opposed to a contractor, in its coordination and control of service providers. Attention is drawn to [PAS 1192-5](#) which outlines a security-minded approach to managing digital and non-digital assets.

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 in addition to 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 facilities management. It is important to bear in mind that outsourced service provision can exist alongside an insourced arrangement and many procurers opt for this approach as it achieves end-user satisfaction and best value for money overall.

*Insourced service arrangements and the transition from one service arrangement to another are outside the scope of this British Standard. Attention is drawn to [BS 8892](#), [BS ISO 37500](#) and the *Transfer of Undertakings (Protection of Employment) Regulations 2006* [4].*

5.14 Statutory/regulatory considerations and current 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.

NOTE The following may also be used by the procurer in order to promote current 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 Regulations 2015* [5] and the *Freedom of Information Act 2000* [6] (procurement by public sector bodies that is covered by the *Public Contracts Regulations 2015* [5] is not within the scope of this British Standard). Attention is also drawn to health, safety and environmental legislation such as the *Environmental Protection Act 1990* [7], the *Health and Safety at Work etc. Act 1974* [8] and the *Construction (Design and Management) 2015 Regulations* [9], where construction work forms part of the scope of services; employment legislation such as the *Transfer of Undertakings (Protection of Employment) Regulations 2006* [4]; legislation covering the treatment of labour such as the *Modern Slavery Act* [9]; and access, inclusion and equality legislation and guidelines such as the *Equality Act 2010* [2]. *BS ISO 19600* provides guidance on compliance management systems.*

5.15 Innovation in service delivery

The procurer should be aware of innovations in technology and changes in working methods in terms of their effects on, or potential to affect, service delivery. The use of novel devices for services such as cleaning, waste disposal, portage, catering and inspection can offer productivity and other benefits

but can also have health, safety, security, environmental, social, legal and commercial implications. The provision of such devices by the procurer, and their use by, or the provision of these devices on the part of, service providers within a proposal or tender should be investigated to determine suitability for the facility in question.

NOTE 1 Annex C gives examples of innovative technology in several service areas and some of the implications arising from them.

A risk assessment should be undertaken in all cases (see 5.10). The procurer should determine the practical implications of managing innovation and transformation in service delivery against the anticipated benefits. For this reason, the procurer may deem it appropriate to form a joint arrangement with the service provider(s) to manage innovation and transformation. When doing so, the procurer should ensure that appropriate provisions are incorporated in the service level agreement to accommodate such an arrangement (see 8.4) and the changes that might be necessary to the associated service specification.

NOTE 2 The deployment of innovative technology can be a complex area where professional and/or legal advice might need to be sought. Attention is drawn to BS ISO 37500 and the formation of an “innovation and transformation committee” as a joint arrangement between the procurer and service provider(s).

NOTE 3 A service level agreement would normally incorporate control procedures to enable changes to be made to the requirements for service delivery.

6 Develop procurement strategy

6.1 General

COMMENTARY ON 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 facilities management strategy (see 4.3).

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

The procurer should develop a procurement strategy, which should take account of any defined target operating model for the procurer’s business. The following considerations should inform the development of the procurement strategy:

- a) centralized vs. decentralized management of service contracts (see 6.2);
- b) geographical location of facilities and limits (see 6.3);
- c) award of single service vs. multiple service contracts (see 5.11 and 6.4); and
- d) service providers by specialization and size, and whether they are local, regional or national (see 6.5).

The procurer should take account of the scope of services to be delivered, the availability of service providers and geographical location, with the aim of arriving at an outcome that is optimal for the procurer’s organization.

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 use the procurement strategy to 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);
- social responsibility (see 7.6);
- avoidance of bribery and anti-competitive practices;

NOTE 1 Attention is drawn to the Bribery Act 2010 [11] and the Competition Act 1998 [3].

- avoidance of exploitation in the employment of personnel;

NOTE 2 Attention is drawn to the Modern Slavery Act [10].

- conflicts of interest (including situations where service contracts are to be managed by personnel who were once involved in an insourced 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);
- extent of permissible subcontracting (see 5.8);
- 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);
- arrangements for protecting intellectual property (see 5.12.7);

NOTE 3 Procurers and service providers have intellectual property and their respective rights in this regard need to be recognized. Equally important is the protection of digital and non-digital assets during the course of service delivery. Attention is drawn to PAS 1192-5 which outlines a security-minded approach to managing digital and non-digital assets.

- extent of innovation considered acceptable in service delivery arising from the use of innovative technology and changes in working methods, taking into account health, safety, security, environmental, social, legal and commercial implications;
- public procurement regulations, where the procurer is within the public sector; and
- freedom of information, where applicable.

NOTE 4 Attention is drawn to the Freedom of Information Act 2000 [6].

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

6.2 Centralized vs. decentralized management of service contracts

Where the procurer has both centralized and decentralized 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. Account 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 prequalification 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 decentralized procurement.

NOTE 1 It can prove unproductive 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 facility 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 2 Attention is drawn to the Bribery Act 2010 [11] and the Competition Act 1998 [3].

Explicit procedures for the management of contracts should be followed where available. Account should be taken of the tools and 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 system.

In managing service contracts, 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 decentralized management. However, much is likely to depend on corporate governance including 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 social responsibility, i.e. being a good neighbour in the community. For whatever reason, any demarcation between centralized and decentralized 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 determine 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 and with that the need to consider the longer-term sustainability of any arrangement that relies upon a remote provider continuing to serve a local need (see 7.6). 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. multiple (or bundled) 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 should be prepared to help determine the mix of single and multiple (or bundled) service contracts that might be appropriate.

COMMENTARY ON 6.4

The issue of whether to opt for single service contracts or multiple (or bundled) 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 willing 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.

Attention should be given to the service provider's ability to self-deliver rather than rely on subcontractors (see 5.8, 5.11 and 10.5).

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, but cannot guarantee it. Where the planned demand for a service exceeds the capacity of local service providers, enquiries might need 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 an economically-viable threshold. Competition among local service providers for work might produce similar behaviour. There is also the prospect of an eager service provider pursuing work opportunities without having sufficient resources of its own and, instead, relying on the assumption that it can easily subcontract the work if successful. Layers of subcontracting can add cost but no value for the procurer.

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](#)); and
- 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 allowed for prospective service providers to comply with requests. Normally, a period of between two and 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.

Additional time should be considered where the procurer wishes tenderers to develop proposals in response to outline requirements. Once proposals have been developed in sufficient detail, competitive tenders can be invited.

NOTE 1 In the public sector, the *Competitive Dialogue (CD)* procedure allows the procurer to discuss different options with tenderers before selecting a solution. This situation could arise where technical solutions are difficult to define, perhaps because the service is novel, complex or there is little experience of it. CD is a prequalification process that has a highly-prescribed procedure. Attention is drawn to *The Public Contracts Regulations 2015 [5]*.

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. Account should be taken of any assigning, underletting, charging or parting with the possession of the facility or facilities and the conditions of any tenancy in these respects when determining the term of a contract.

NOTE 2 Attention is drawn to the *Landlord and Tenant Act [12]* and the prescribed consultation routes.

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.

It is necessary to consider the time the procurer needs before an RFI can be issued. 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 retendering 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 timescale for the tendering process; improved workflow with inbuilt decision gates; more consistent prequalification 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 given in both the public and private sectors and extend to contracts for facility-related services.

7 Request for information (RFI) and prequalification

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 and acceptance of the procurer's terms and conditions. An RFI can take the form of a PQQ. [Annex D](#) provides an example scope 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 Prequalification of service providers

The procurer should undertake a due diligence assessment of all prospective service providers as part of a thorough process of prequalification (see [7.1](#)).

A standard form of contract should be used to formalize arrangements, such as the NEC4 Term Service Contract [\[1\]](#), or a bespoke form depending on the value of the contract, risk profile and nature of relationship sought. Service providers should review the terms and conditions as part of the tendering process and return signed confirmation of their acceptance (see [8.2](#)). If they do not accept the terms and conditions, they should state the nature of their disagreement or issue and what they propose in its place for the procurer to then consider.

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 self-delivery and 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);
- social responsibility 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: first, through a preliminary evaluation which is used to determine and filter out any service providers that are clearly unsuitable; and, second, 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, allowing 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, the following should be undertaken:

- inspection of the financial accounts for the past three years of trading (in the absence of audited statements, other information that demonstrates the service provider's financial standing should be sought from a trustworthy source); 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 service provider is being unrealistic.

Profit and loss accounts and balance sheets do not provide sufficient information for a complete 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 recommended.

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 treating 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 (see [BS ISO 20400](#)); 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.

The procurer should be aware that responsibility for health, safety, security and sustainability extends beyond its employees to the extent that no activity should pose a danger 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 requirements.

The procurer should appoint a person to ensure that the procurer addresses matters relating to health, safety, security and sustainability in regard to the facility. 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 competent 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 could pose a threat over the period in which an individual(s) is expected to be present in the facility.

The procurer should outline arrangements for granting access to the facility, including any condition involving prior vetting or clearance of persons for reason of security or other matters 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 where they apply should be identified (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 unwanted access has forced many organizations to adopt 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 the 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 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, loss and expense. 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 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 the facility (see 7.5). This might involve adapting existing means of access to, circulation within and escape from the facility.

NOTE 4 The procurer might find it beneficial to seek professional and/or legal advice about how to ensure that their facility (i.e. environments, goods and services) conforms to the relevant legislation for people with disabilities (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 risk management. See BS EN ISO 14001, BS OHSAS 18001 and BS ISO 45001.

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 [2], 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 [2], 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 and/or legal advice within the realm of access, inclusion and equality. It is beneficial to seek strategic and proactive advice in addition to reactive problem identification.

7.6 Social responsibility policy

The procurer should make explicit its policy in regard to social responsibility 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 social responsibility, it should make these clear in the policy statement. The procurer should require all service providers to demonstrate their commitment to social responsibility.

COMMENTARY ON 7.6

Social responsibility 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.

NOTE Attention is drawn to BS ISO 26000 for guidance on social responsibility.

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.

NOTE 1 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 facility and discuss the service providers' understanding of its needs and requirements with the opportunity to ask questions on any matter that requires clarification.

In the case of a new or refurbished facility and where a service provider demonstrates the potential for innovation in excess of requirements, the procurer should determine the extent to which it might affect capital costs and operational costs positively or negatively.

NOTE 2 If the procurement of facility-related services is considered in advance of finalizing the design of a new or refurbished facility, there might be opportunity to reduce operational cost. Attention is drawn to BS 8536-1 in regard to the incorporation of operational performance requirements into briefing for design and construction.

Upon satisfactory completion of this stage, the procurer should finalize its shortlist of prospective service providers as a basis for the RFP or tender (see [Clause 8](#)). The procurer should determine the 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 accordance with 7.1 to 7.7 provides valuable insights into a service provider's capability, 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 an 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 specifications 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 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 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 appropriate risk responses.

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' tenders 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 (see [Clause 7](#)). 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 [5.15](#), [8.2](#) and [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.

Consideration should be given to situations where it might be beneficial for a service provider to invest in special equipment or processes to improve productivity that would reduce operating costs both for the service provider and the procurer. In such cases, the procurer should assess the benefits of doing so, the cost involved and the means by which the service provider can be properly remunerated.

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](#)). On occasion, such as when an alteration in service delivery is agreed, it might not be possible to prepare a revised

service specification beforehand; in such cases, the service specification needs to be amended at the next performance review (see Clause 11) to reflect the agreed change.

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 users 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 and 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 prequalification (see Clause 7).

NOTE Other pricing models can be applied, for example:

- *guaranteed maximum price (i.e. variable price with an upper limit);*

- *cost plus (i.e. actual cost plus markup for overheads and profit, commonly referred to as as reimbursable); and*
- *pass through (i.e. net costs without markup).*

The basis upon which prospective service providers prepare and submit cost/price information should be carefully considered at the time of prequalification (see [Clause 7](#)) as this will influence service providers' risk attitude and subsequent behaviour.

The SLA should be drafted in such a way that changes to performance requirements can be accommodated without invalidating the contract. Change control procedures should be drafted to allow jointly-developed proposals between the procurer and service provider to be implemented without disruption to service delivery once the implications have been determined and found to be acceptable. Retrospective amendment of a supporting service specification might then be required; in which case, this should be agreed at the next performance review (see [Clause 11](#)).

The procurer should consider implementing a central help desk to coordinate communication between end users and service providers (see [10.1](#)). A help desk 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. The SLA provides a basis for the contract and can be used as the starting point in a partnership arrangement.

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.

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 and for any subcontractors.

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 (including resource plans for critical tasks);
- managerial personnel (including brief curricula vitae);

NOTE 1 Attention is drawn to the Data Protection Act 2008 [13].

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

NOTE 2 Attention is drawn to the Transfer of Undertakings (Protection of Employment) Regulations 2006 [4].

- extent of self-delivery and subcontracting;
- prices and rates;
- insurances and banking details;
- materials and equipment expected to be supplied by the procurer, where applicable; 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 (see [Clause 7](#)).

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

Shortlisted 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

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Least whole-life cost should be considered as part of the assessment for services involving maintenance and replacement of plant and equipment (see [BS 8544](#) for guidance on life cycle costing of maintenance during the operational phase of a facility).

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”.

The practical implications of managing innovation and transformation in the delivery of services to enhance value and end-user satisfaction should be taken into account. For this purpose, it might be appropriate to appoint an “innovation and transformation committee” as a joint arrangement between the procurer and service provider to manage innovation and transformation (see [5.15](#)). Details of such an arrangement should be incorporated into the service level agreement (see [8.4](#)).

NOTE 3 Value is a function of cost and performance and implies a desire to reduce operational cost and, wherever possible, to raise performance.

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) Regulations 2006* [\[4\]](#).

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 (including level of resources to be deployed and any ramping up of service delivery before a steady state can be achieved);
- details of the arrangements for any transfer of employment;

NOTE Attention is drawn to *Transfer of Undertakings (Protection of Employment) Regulations 2006* [\[4\]](#).

- the arrangements for demobilization by an existing service provider (including any ramping down of that provider’s service delivery) (see [11.9](#));
- 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 is 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 [6] and the Data Protection Act 1998 [13].

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;
- details of any existing service provision that is to be terminated (see [11.9](#));
- procedures in the event of an emergency;
- health, safety and security in the workplace (including special arrangements to control the movement of personnel) (see [10.4](#));

NOTE Attention is drawn to the Health and Safety etc. Act 1974 [8].

- sustainability policy;
- human resource considerations (see [10.3](#));
- supply chain considerations (including subcontracting) (see [10.5](#));
- operational processes and procedures (see [10.6](#));
- management information and reporting (see [10.7](#));
- performance management (see [Clause 11](#));
- change control procedure;
- valuations and payments; and
- dispute resolution procedure.

Experienced mobilization personnel should be deployed by service providers and the procurer, according to the size and complexity of the service provision. 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 a competent person for health, safety, security and sustainability in the service provider’s organization, based in the facility or facilities, should be recorded.

The procurer should consider the practical benefits of a central help desk to coordinate 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, procurer-supplied materials or equipment and other relevant matters.

NOTE Attention is drawn to the Working Time (Amendment) (No. 2) Regulations 2009 [14].

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 and weekly flash reports issued by the service provider. Sufficient resources from the procurer and the service provider should remain focused on the mobilization of the service until both parties have agreed and it is documented that this stage is complete.

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 (see BS 8892). Time should be included for the outgoing service provider to remove its equipment and any other property belonging to it. Arrangements for returning property belonging to the procurer, such as equipment, keys and identity passes, should be defined.

10.3 Interface management

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

NOTE Information for performance appraisal can be contributed by formal post-occupancy evaluations.

Targets and/or goals should be aligned between the procurer's personnel and service providers. There should be no conflict of interest in these arrangements.

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 recommended 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 with 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 facility or 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 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 be required to 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 necessary for efficient and effective service delivery. Each service provider should be required to provide details of the following:

- human resources to be deployed in the facility or facilities (including grades and competency levels);
- health, safety and security procedures;
- sustainability policy;

- communications and reporting procedure;
- help desk (including the use of IT-based systems);
- escalation procedures;
- standard operating procedures;
- procedures specific to each service;
- emergency operating procedures;
- business continuity plans and procedures;
- accident/incident procedures;
- first aid and fire safety arrangements; and
- quality and performance measurement and reporting.

Procedures should consist of the service provider's general procedures, as well as procedures specific to the facility or facilities devised by the service provider. The procurer should review the benefits of dovetailing the service provider's proposed arrangements with its own policies and procedures.

Sufficient time should be allocated for the completion of these arrangements. A period of three months or longer might be appropriate, depending on the extent of changes to current working practices. During this time, suitable and sufficient training should be provided to all affected stakeholders, including the procurer's personnel, service provider's personnel and any directly-affected end users.

These arrangements should be monitored and reviewed as part of a process of continual improvement. Proposed changes to operational processes and procedures should be formally reviewed and should only be approved following agreement with the procurer or when necessary 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 could impact the delivery of a service.

The procurer should avoid intervening directly in operational processes other than for reason of health, safety, security and sustainability. Service providers should be allowed to concentrate on operational matters, leaving the procurer in an overseeing role. Other matters, such as 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 (see [Clause 11](#)).

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 each change in terms of its impact on health, safety, security, sustainability, performance of service delivery, likely end-user acceptance, cost and time (see [5.10](#));
- where a change is approved, request the service provider to implement the change; and

- sign off each 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 established by the procurer before or during mobilization stage.

- 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 or complex 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 productivity and performance 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), which incorporates the use of a suitable IT-based system (e.g. CAFM system), should be established 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 6.6 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.

NOTE 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 arrangement 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:

- end-user 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;
- extent of approved changes; and
- relationship between the service provider and end users.

COMMENTARY ON 11.1

In order to encourage safe and effective delivery of services, performance reviews ought to 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 provides an indication of performance outcomes. 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 by providing leading indicators of likely performance. 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. See 11.7 for details of performance indicators.

11.2 End-user review

Feedback on the quality of service delivery should be gathered from end users periodically, such as through an annual post-occupancy evaluation. 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.

NOTE Attention is drawn to BS 8536-1 which gives recommendations for implementing post-occupancy evaluation as part of a formal review of the operational performance of a facility.

11.3 Operational review

The procurer should request as a minimum 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;
- details of any proposed change to a service specification or SLA; and
- any other matter requiring attention.

NOTE Unit of measurement refers to each discrete output 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) expenditure to date;
- f) open commitments (d-e);
- g) estimated value of work remaining;
- h) estimated total cost of work (e+g);
- i) required contingency;
- j) estimated cost at end of contract (h+i); and
- k) over/under expenditure (c-j).

NOTE 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 [a) to k) above] is likely to differ between organizations depending on their accounting practices.

The performance of individual service contracts in terms of expenditure 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 expenditure [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 service provider should be required to inform the procurer of any matter that might impact negatively on the service provider's ability to deliver the service.

While financial and management accounting fall outside the scope of this British Standard, some appreciation of the procurer's commitments and potential exposure to a dominant service provider should be ascertained and brought to the attention of contract or account managers where appointed.

11.5 Human resources review

The primary interest of the procurer and service providers in regard to human resources should be health, safety and security performance. Reporting on health and safety should include details of all accidents and other incidents logged in the period, a diagnosis of their cause and immediate actions taken to prevent recurrence. The performance review meeting should identify the lessons to be learned from actual events or reports of any incident or near miss that might have had the potential to compromise health and safety. Reporting on security should include details of all events where security has or might have been compromised and where the integrity of digital and non-digital assets has been put at risk. Similarly, the lessons to be learned should be considered at the performance review meeting.

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" refers primarily to the quantity, type and productivity of human resources. Shortcomings in any of these areas are bound to impact on performance and the achievement of targets and goals. A focus on the availability of appropriate resources prior to commencing or ramping up a service or part thereof would quickly indicate if the work is likely to be performed in accordance with the plan.

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 drawn to the Health and Safety at Work etc. Act 1974 [8].

11.6 Statutory/regulatory compliance review

The performance review meeting should review 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. A distinction should be drawn between lagging and leading indicators, where the former are based on performance achieved and the latter can alert the procurer to a lack of resource deployment prior to commencing, or when ramping up, the delivery of a service or part thereof.

In the course of service delivery, it might become apparent that a performance indicator is inappropriate or is driving the wrong behaviour in the service provider. This situation should be discussed at the next performance review meeting and agreement sought on adjusting the performance indicator to a level that is more appropriate. Monitoring subsequent performance should reveal if the adjusted performance indicator is appropriate or if further discussion and adjustment are necessary.

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 well-being for senior managers. Utilizing KPIs from another organization might be tempting, but 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 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. total 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;
- any discussion of contentious issues to avoid escalation and dispute, where applicable; and
- the procedure to be adopted where service delivery has to be terminated and the service provider removed from the facility (see [11.9](#)).

NOTE The transition from one arrangement to another is covered in [BS 8892](#).

11.9 Termination of service contract

The procurer should have in place a defined procedure for dealing with the termination of a service contract where it has become clear that the service provider is failing and all reasonable steps have been taken to rectify the situation, but without success. The procedure should form part of the procurer's business continuity management. The implications arising from the termination of the contract should be fully examined before taking formal steps to proceed. Professional and/or legal advice should be sought.

Upon termination of a service contract, the outgoing service provider should be required to demobilize, remove all of its materials and equipment, and return all equipment, keys, identity passes and other property belonging to the procurer.

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 — *Checklist of actions*

Description	Yes	Action required
General considerations		
Has the procurer differentiated between core business and non-core activities?		
Does the procurer have a defined facilities management function?		
Does the facilities management function support the core business?		
Has a target operating model been defined by the 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?		
Primary processes (Clause 4)		
<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 simply as milestones?		
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>Facilities management strategy</i>		
Has the procurer prepared a facilities management strategy to serve as the context within which procurement is planned and undertaken?		
Establish needs (Clause 5)		
<i>Business strategy objectives and outcomes</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?		

Description	Yes	Action required
Have critical success factors, in the context of successfully operating the core business, been identified?		
Are the roles of facilities 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 to 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 considered the influence of technological innovation and changes in working methods upon the core business, operations and facility-related services?		
Has the procurer taken account of how internal and external 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?		
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 facilities 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 or other equalities-related needs?		
Has the procurer recently undertaken a risk assessment of its facilities covering both threats and opportunities?		
<i>Services audit</i>		
Have the current arrangements in terms of policy, processes and procedures for the delivery of services been critically reviewed?		

Description	Yes	Action required
<i>Market audit</i>		
Is market testing conducted at intervals to match the normal period for the award of service contracts?		
<i>Risk management</i>		
Has an assessment been undertaken to identify threats and opportunities that could potentially impact the procurement and delivery of services?		
Are all threats and opportunities recorded in a risk register and is it kept up-to-date?		
Have criteria for judging whether or not a threat might be regarded as significant, and therefore requiring assessment and a response, 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?		
<i>Development of options for service delivery</i>		
Have options for service delivery been defined and 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 and current best practice</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?		
<i>Innovation in service delivery</i>		
Is the procurer aware of innovative forms of technology and changes in working methods that could affect service delivery?		
Has consideration been given to the formation of a joint arrangement with service providers to manage innovation and transformation and the associated risks (threats and opportunities)?		
Develop procurement strategy (Clause 6)		
Has a procurement policy been developed and documented?		
<i>Centralized vs. decentralized 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?		
Have relevant stakeholders been consulted at this stage and is the communication plan in place to manage their engagement?		

Description	Yes	Action required
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 service contracts</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?		
Request for information (RFI) and prequalification (Clause 7)		
<i>Prequalification of service providers</i>		
Has an RFI/PQQ been prepared that is capable of being completed fully by a bona fide service provider?		
Are sufficient questions asked of prospective service providers to ensure a searching, but fair, assessment of their suitability?		
Is the RFI/PQQ likely to succeed in filtering out unsuitable service providers?		
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 three 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?		

Description	Yes	Action required
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 people 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 employment of a service provider prior to being granted access?		
Have responsibilities for making arrangements for 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.?		
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 threats to the health, safety and security of anyone affected by procurement-related activities been assessed and a basis for preventive and proactive measures implemented?		
Have the requirements of people with disabilities and other equalities-related 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>Social responsibility</i>		
Has a policy on social responsibility 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 social responsibility?		
<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 facility/facilities?		

Description	Yes	Action required
Has a shortlist of prospective service providers been finalized and does it contain a sufficient number to allow for fair competition?		
Request for proposal (RFP) (Clause 8)		
<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 specifications</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?		
Evaluation and commercial/financial close (Clause 9)		
<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?		

Description	Yes	Action required
Have unsuccessful tenderers been informed of their position and given the opportunity to discuss their performance in the tender competition?		
Mobilization/go-live (Clause 10)		
<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 help desk been set-up to coordinate communication between end users and service providers?		
Has a mobilization plan been prepared?		
Is a transition plan needed?		
Has a demobilization plan been prepared for, or by, outgoing service providers, including arrangements for returning property belonging to the procurer?		
Are arrangements for out-of-hours working required?		
<i>Interface management</i>		
Has the procurer defined and resourced the role of managing the interface 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?		
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 the 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?		
Performance review (Clause 11)		
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?		

Table A.1 (continued)

Description	Yes	Action required
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?		
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 is their progress considered at the subsequent meeting?		
<i>Termination of service contract</i>		
Is a procedure in place to deal with a situation where a service contract has to be terminated?		

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 Table B.1) is considered in the context of different options for the delivery of services (columns in Table B.1). 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 of such risks, as threats or opportunities, and the appropriate risk response is necessary.

Table B.1 — Example of an option evaluation matrix

Name of service: Example		Options						Total FM
Attributes of service	Weight	Single service	Multiple services	Managing agent	Managing contractor	Managed budget		
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	1	
Direct cost	1	1	2	1	1	1	1	
Management and indirect cost	2	2	2	0	1	1	0	
Control	1	1	2	0	1	1	0	
Totals (unweighted)		10	15	1	8	8	2	
Totals (weighted)		13	19	1	10	10	2	

NOTE Scores under options are based on: 0 = fails to satisfy attribute; 1 = moderately satisfies attribute; and 2 = strongly satisfies attribute. In this example, multiple 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. Weighting has been introduced to reflect the relative importance of attributes of service. Without weighting, all attributes are considered to be of equal importance. In practice, this might not be the case and so a weighting of 2 could be applied where an attribute is regarded as more important than the rest. A weighting of 3 could be applied where an attribute is most important. Applying weightings in excess of these suggestions would serve no useful purpose. For instance, a weighting of 5 would suggest that the attribute was five times more important than the rest. This would be difficult, if not impossible, to express in practical terms.

Annex C (informative)

Examples of innovative technology and its implications

C.1 General

The use of automation and robotics, including embedded artificial intelligence, in areas such as cleaning, security, waste disposal, portage, catering and inspection, creates opportunities for procurers and service providers. There are, however, health, safety, security, environmental, social, legal and commercial implications, particularly from the deployment of semi-autonomous and remotely-controlled devices. The introduction of autonomous devices can be expected to have far greater implications.

The range of technology and their capabilities are growing quickly and include cloud computing and storage, predictive analytics, inventory and network optimization tools, wearable and mobile technology, 3D printing, the internet of things, as well as automation and robotics in general, sensors and automatic recognition, driverless vehicles and unmanned aerial vehicles.

[C.2](#) and [C.3](#) set out typical questions and issues that the procurer might need to address. It is expected that they would be adapted to suit the characteristics and requirements of a specific facility or facilities.

C.2 Semi-autonomous and remotely-controlled devices

- a) Have social and ethical issues arising from the decision to use the device been considered, including those affecting the transfer of employment?
- b) What is the nature of the interface between the device and operatives?
- c) Who is responsible for assuring the health, safety and security of personnel whose work brings them into contact with the device?
- d) Who is responsible for damage or disruption to the normal operation of the device?
- e) Does the deployment of an unmanned aerial vehicle (e.g. drone) comply with emerging, as well as current, legislation?
- f) Have a) to e) been incorporated in tender documentation?

C.3 Interoperability

- a) What is the extent of interoperability of devices and systems, including data exchange, to enable them to work with other devices and systems?
- b) Are restrictions in interoperability required to assure security of data and the protection of personnel and the public?
- c) If sensors are incorporated into a service delivery solution for data gathering, how are the individual rights of end users in the facility protected?
- d) In deploying a drone, what arrangements are in place to protect the privacy of personnel working in or around the facility and the public?
- e) Have arrangements for protecting intellectual property been agreed between the procurer and service provider (i.e. who owns the data generated during service delivery)?

- f) Who has responsibility for the accuracy, reliability and security of the data?
- g) What active measures, including hard and soft systems, are in place to prevent unauthorized access to data, as well as the control of remote devices and systems?
- h) Have a) to g) been incorporated in tender documentation?

There are additional practical issues, such as the capacity in IT infrastructure to accommodate increased data exchange on all levels and the rights of the procurer and service provider, including ownership of devices and data, upon termination of a contract (see [11.9](#)).

Annex D (informative)

Example scope of a prequalification questionnaire (PQQ)

COMMENTARY ON [ANNEX D](#)

The details outlined in [D.1](#) to [D.3](#) are not intended to be exhaustive, but are included to illustrate the breadth and level of information that a procurer might reasonably request from a prospective service provider. Attention is drawn to the Data Protection Act 1998 [[13](#)].

D.1 General information

- a) Basic company details (e.g. incorporated name and number, date of incorporation, type of company, nature of business (SIC), registered office, trading address, telephone numbers, email addresses and website).
- b) Ownership (e.g. parent company, trading company or subsidiary and persons with significant control).
- c) Brief company history (e.g. number of years established, previous company names, mergers and acquisitions, geographical presence, preferred market sectors and specializations).
- d) Key personnel (e.g. names, positions, length of time with company, nature of employment, telephone numbers and email addresses).
- e) Financial details (e.g. annual turnover for each of the previous three years, date of last annual return, bankers, accounts, accountants and/or auditors).
- f) Taxation status (e.g. HMRC tax reference, IR35 compliance and VAT registration number).
- g) Insurances (e.g. employer's liability, public liability, products liability, professional indemnity and contractors all risks, including names of insurers, levels of cover, policy excesses and renewal dates).
- h) Policies and procedures (e.g. health and safety, security of personnel and digital/non-digital assets, environmental/sustainability, social responsibility and human resources, including compliance with legislation with respect to disabilities, equalities and modern slavery).
- i) Certification/accreditation (e.g. occupational health and safety, quality management, environmental management and security, including copies of current certificates).
- j) Employees (e.g. salaried directors, senior managers, technologists, professional grades, supervisors and operatives for each of the previous three years, differentiating full-time, part-time and casual workers, and retention rates).
- k) Personnel development (e.g. apprentice schemes, graduate training schemes, inhouse training and development, external training and continuing professional development).
- l) Accidents, convictions and pending prosecutions (e.g. safety records, details of accidents and other incidents with dates and jurisdiction, cause, effect, outcome and follow-up actions).

D.2 Business activities and track record

- a) Scope of services delivered (e.g. mechanical engineering maintenance, electrical engineering maintenance, cleaning security, catering, waste management, internal and external landscaping, estate management and office support services).

- b) Breakdown of service delivery (e.g. by each core service and by percentage of company turnover for each of the previous three years).
- c) Major clients/customers (e.g. top five clients/customers by name and location and percentage of company turnover for each, including a comprehensive description of the service(s), effective dates and contact person).

D.3 Proposed services and management

- a) Proposed mode of service delivery (e.g. extent of self-delivery, use of separate companies within the group and external subcontractors by name, with details of previous working for the company).
- b) Organization for service delivery (e.g. organization chart showing proposed breakdown of scope of work and responsible entities, including operative teams and extent of supervision and managerial oversight).

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