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BSI Standards Publication

# Procurement of facility-related services – Guide

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### Summary of pages

This document comprises a front cover, an inside front cover, pages i to ii, pages 1 to 56, an inside back cover and a back cover.

## Foreword

### Publishing information

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

### Information about this document

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

### Use of this document

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

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

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

### Presentational conventions

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

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

### Contractual and legal considerations

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

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

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

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

## Introduction

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

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

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

## 1 Scope

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

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

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

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

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

## 2 Normative references

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

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

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

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

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

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

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

## 3 Terms, definitions and abbreviations

### 3.1 Terms and definitions

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

#### 3.1.1 access

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

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

#### 3.1.2 accessible

capable of being accessed and used by disabled people

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

#### 3.1.3 competent person

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

[BS 9999:2008, 3.23]

#### 3.1.4 corporate social responsibility (CSR) policy

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

[BS 8536:2010, 3.16]

#### 3.1.5 deliverable

product or service as an outcome of a process

[BS 8536:2010, 3.17]

#### 3.1.6 end-user

recipient of facility-related services

*NOTE* Recipients include occupants and other users of a facility.

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

**3.1.20 RASCI chart**

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

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

**3.1.21 scope creep**

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

**3.1.22 service provider**

party supplying the facility-related service

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

**3.1.23 stakeholder**

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

[BS ISO 15686-10:2010, 3.30]

**3.1.23.1 external stakeholder**

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

**3.1.23.2 internal stakeholder**

individual or group within an organization

**3.1.24 sustainability**

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

[BS 8536:2010, 3.64]

**3.2 Abbreviations**

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

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

## 4 Primary processes

### 4.1 Roles, responsibilities and accountabilities

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

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

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

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

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

### 4.2 Planning for procurement

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

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

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

The plan should identify:

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

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

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

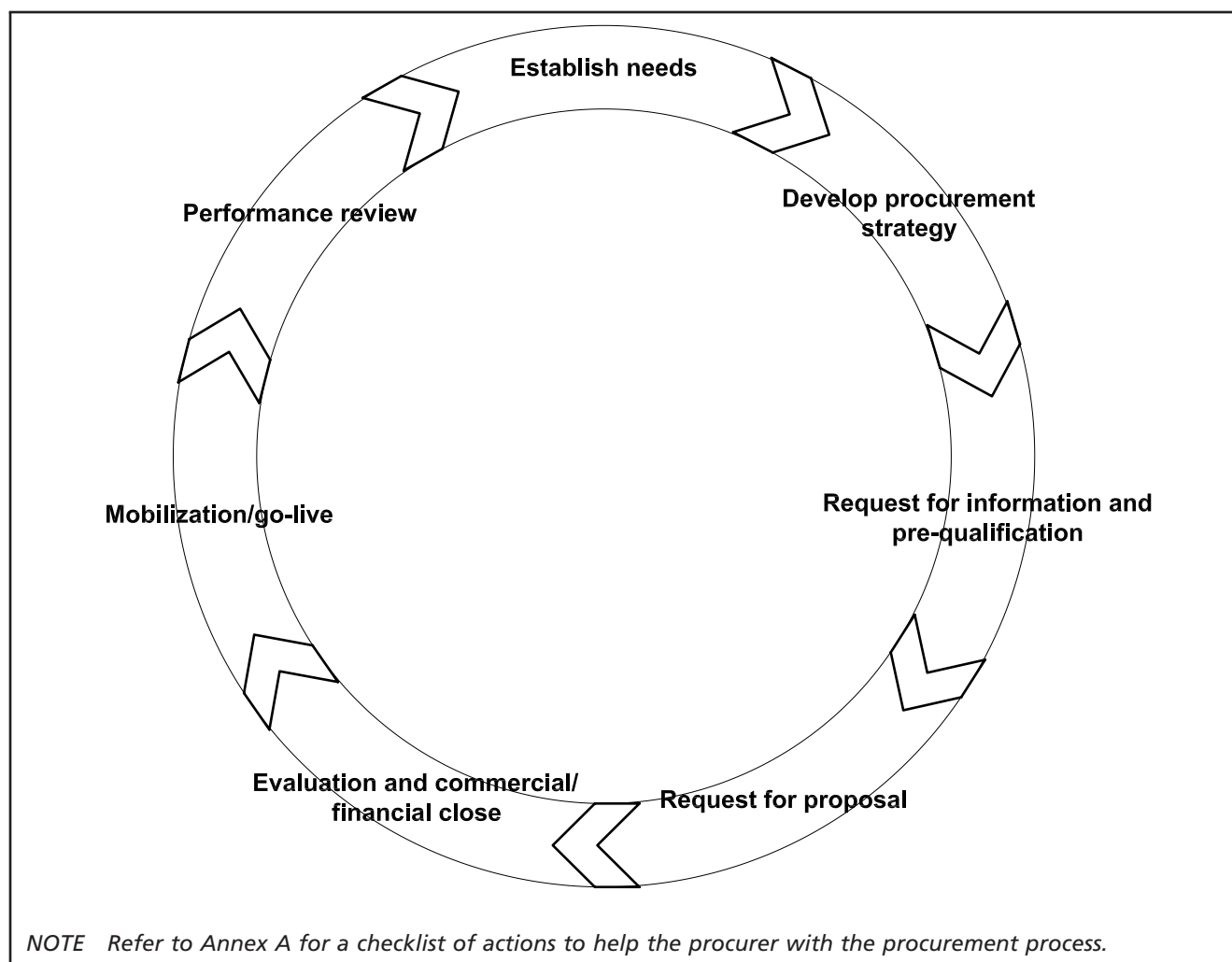
*NOTE 2 The plan serves as a roadmap for the procurer in helping the service provision progress from where it currently stands to where it needs to be. A well-prepared plan provides transparency and can aid the correct application of the guidance and recommendations offered in this British Standard.*

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

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

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

Figure 1 The procurement process



### 4.3 Facility management strategy

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

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

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

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

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

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

#### 4.4 Establish needs

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

#### 4.5 Develop procurement strategy

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

#### 4.6 Request for information (RFI) and pre-qualification

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

#### 4.7 Request for proposal (RFP)

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

#### 4.8 Evaluation and commercial/financial close

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

#### 4.9 Mobilization/go-live

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

#### 4.10 Performance review

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

## 5 Establish needs

### 5.1 General

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

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

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

### 5.2 Business objectives

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

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

**COMMENTARY ON 5.2**

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

**5.3 Main drivers and constraints**

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

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

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

**5.4 Scope of services**

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

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

**COMMENTARY ON 5.4**

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

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

## 5.5 Stakeholder engagement

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

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

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

### COMMENTARY ON 5.5

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

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

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

## 5.6 End-user needs

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

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

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

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

#### COMMENTARY ON 5.6

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

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

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

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

## 5.7 Portfolio and space audit

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

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

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

## COMMENTARY ON 5.7

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

## 5.8 Services audit

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

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

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

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

## 5.9 Market audit

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

## COMMENTARY ON 5.9

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

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<sup>1)</sup> Currently in preparation.

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

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

## 5.10 Risks and opportunities

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

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

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

### COMMENTARY ON 5.10

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

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

## 5.11 Development of options for service delivery

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

The following options might provide an appropriate basis.

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

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

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

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

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

#### COMMENTARY ON 5.11

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

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

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