Facilities Management | Lecture 1 of 4

Outsourcing Maintenance Contracts

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Facilities Management Consultant | Arup
1. Background
2. Outsourcing, Maintenance & Compliance Overview
3. Maintenance Strategy
4. Facilities Maintenance Outsourcing Models
5. Maintenance Resourcing
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9. Operations Management
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1. Background

What's it all about?
Workplace is being added to the Institute’s name because it embraces a wider range of key functions than facilities management, recognising the joint responsibility of FM, IT and human resources to achieving optimal performance between **people, technology and workplace**.
A Management Systems Standard (similar to ISO 9001, 14001 etc.) from the International Organization for Standardization set to transform how businesses and support services are managed and delivered globally. It provides Government, Industry and Commerce with a model for developing a world class proactive FM regime.
“With an estimated worth in Ireland of €1.2bn, the facilities management sector has enjoyed rapid growth in recent years, and with annual global growth forecast of 11%, it’s an industry that is showing no signs of slowing down.”
2. Outsourcing, Maintenance & Compliance Overview

Explained
“Outsourcing is an agreement in which one company hires another company to be responsible for a planned or existing activity that is or could be done internally for example maintenance”
Factors driving the need to outsource

- Access to resources and knowledge
- Increase in sophistication of IT
- Rise of global knowledge workforce
- Cost saving
- Focus on core competencies
- Global diffusion of knowledge
Why maintain equipment?

• To comply with the law (H&S)
• Comply with the terms of occupation (e.g. lease)
• Protect the value of the property as an investment
• Maximise plant utilisation and minimise non-availability
• Provide a service to the building occupants

• Ensure a safe, healthy environment for the building occupants
• Ensure energy is used efficiently
• Project and help protect a corporate image
• Fulfil a business need.
• focusing on adding value as part of the business process
• reducing business costs
A Planned Maintenance System should include:

(a) List of the items to be maintained (the asset register)
(b) Maintenance policy appropriate to each item
(c) Work to be done on each item
(d) Labour required
(e) Material resources required
(f) When and how frequently the work is to be done (the maintenance programme)
(g) How the maintenance system will be administered
(h) How the results will be recorded, monitored and analysed.
# Sample Asset Register

<table>
<thead>
<tr>
<th>Ref</th>
<th>Floor</th>
<th>Room Name</th>
<th>System</th>
<th>Component</th>
<th>Quantity</th>
<th>Comment</th>
<th>SFG20</th>
<th>Statutory Req.</th>
<th>Reqt. Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Heating</td>
<td>Boiler</td>
<td>2</td>
<td>Buderous</td>
<td>05-11</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>22</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Heating</td>
<td>Pump</td>
<td>8</td>
<td>Grundfos</td>
<td>45-03</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>23</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Heating</td>
<td>Expansion Tank</td>
<td>1</td>
<td>-</td>
<td>32-12</td>
<td>Yes</td>
<td>HSA, HSE Pressure Regs 2000</td>
</tr>
<tr>
<td>24</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Water</td>
<td>Pressurisation Unit</td>
<td>1</td>
<td>-</td>
<td>45-12</td>
<td>Yes</td>
<td>HSA, HSE Pressure Regs 2000</td>
</tr>
<tr>
<td>25</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Heating</td>
<td>Valve</td>
<td>4</td>
<td>Hot Water Return Valves</td>
<td>62-06</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>26</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Air Conditioning</td>
<td>Air Conditioning Unit</td>
<td>1</td>
<td>Mitsubishi</td>
<td>02-01</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>29</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Ventilation</td>
<td>Air Handling Unit</td>
<td>1</td>
<td>Master Air -Unit Covering All Ground Floor</td>
<td>03-01</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>30</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Air Conditioning</td>
<td>Air Conditioning Unit</td>
<td>3</td>
<td>-</td>
<td>02-01</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>31</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Ventilation</td>
<td>Extract Fan</td>
<td>1</td>
<td>-</td>
<td>20-08</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>32</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Ventilation</td>
<td>Extract Fan</td>
<td>1</td>
<td>Kitchen</td>
<td>20-08</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>43</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Gas Detection</td>
<td>Gas Detector</td>
<td>1</td>
<td>-</td>
<td>50-11</td>
<td>Yes</td>
<td>I.S 281</td>
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<tr>
<td>44</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Fire Alarm</td>
<td>Smoke Detector</td>
<td>1</td>
<td>-</td>
<td>22-01; 22-02</td>
<td>Yes</td>
<td>I.S 3218</td>
</tr>
<tr>
<td>45</td>
<td>Roof</td>
<td>Plantroom</td>
<td>Lighting</td>
<td>Luminaire</td>
<td>3</td>
<td>2 Tube Fluorescent</td>
<td>36-03</td>
<td>Yes</td>
<td>I.S 3217</td>
</tr>
<tr>
<td>150</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Booster Pump</td>
<td>1</td>
<td>-</td>
<td>45-01; 51-02</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>151</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Expansion Vessel</td>
<td>1</td>
<td>Cold Water</td>
<td>32-12</td>
<td>Yes</td>
<td>HSA, HSE Pressure Regs 2000</td>
</tr>
<tr>
<td>152</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Cistern</td>
<td>1</td>
<td>-</td>
<td>56-02</td>
<td>Yes</td>
<td>HSA Gen &amp; Chem Regs</td>
</tr>
<tr>
<td>153</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Valve</td>
<td>1</td>
<td>Sprinkler Control Valve</td>
<td>62-06</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>156</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Pump</td>
<td>1</td>
<td>Jockey Pump</td>
<td>45-03</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>157</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Diesel Pump</td>
<td>1</td>
<td>-</td>
<td>23-14</td>
<td>Yes</td>
<td>En 12845</td>
</tr>
<tr>
<td>158</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Electric Pump</td>
<td>1</td>
<td>-</td>
<td>23-14</td>
<td>Yes</td>
<td>En 12845</td>
</tr>
<tr>
<td>159</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Storage Tank</td>
<td>1</td>
<td>Approx 12000L</td>
<td>56-02</td>
<td>Yes</td>
<td>HSA Gen &amp; Chem Regs; ACOP L8</td>
</tr>
<tr>
<td>160</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Small Power</td>
<td>Electric Radiator</td>
<td>1</td>
<td>-</td>
<td>28-01</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>161</td>
<td>Ground</td>
<td>Sprinkler Plant Room</td>
<td>Sprinkler</td>
<td>Valve</td>
<td>3</td>
<td>Pressure Regulator Valve</td>
<td>62-06</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Legal obligations in relation to inspecting and testing of equipment and machinery

**Statutory Inspections**
Checks, inspections or tests specified in a Statutory Instrument i.e. Act and/or Regulation that are a legal requirement.

**Irish Standard (IS)**
Refers to Irish Standards published by NSAI, which operates under the National Standards Authority of Ireland Act, 1996, on behalf of the Minister for Enterprise, Trade and Employment. These standards are standard specifications for their topic area and conformance with the standard as certified by NSAI provides proof of compliance with requirements of national standard specifications approved by The Minister for Enterprise, Trade and Employment.

**Irish Standard EN (IS EN)**
EN standards aim to establish a European wide standard in a given subject area. European Standards are typically produced by European technical committees and must be given the status of a national standard, either by publication of an identical text or by endorsement and conflicting national standards must typically be withdrawn. These standards when transposed into an Irish context are denoted as IS EN.

**British Standard (BS)**
Standards produced by the British Standards Institute. These are referenced in this text only where an applicable Irish Code of Practice or Standard (either IS or IS EN) does not exist IS, IS EN or Irish Codes of Practice should always take precedence over BS. does not exist IS, IS EN or Irish Codes of Practice should always take precedence over BS.

**Code of Practice**
Codes of practice typically give practical guidance on their subject matter. They are not legally binding and as such do not have to be followed exactly. However, where the code of practice gives practical guidance on relevant statutory provisions then compliance or non-compliance with those provisions of the code may be admissible in evidence in any criminal or civil proceedings.

A person may also be able to comply with the law by adopting alternative measures to those set out in a Code of Practice, provided that those alternative measures achieve the objective of the statute or Regulation to which the Code of Practice relates. However, in a safety and health prosecution or a civil liability claim the onus of proof would rest with the defendant to show that he/she was not negligent and/or in breach of a statutory duty and that all reasonable measures were adopted to prevent against injury.
Life Safety Systems or any plant item which may harm or endanger life if not maintained.

- **Fire Alarm** (Control Panel, Break glass Units, Smoke / Heat Detectors, Flashing Lights, Sounders)
- **Emergency Lighting** (Exit Signs, Room Lights, Control Panels)
- **Smoke Vent** (Automatic Opening Vents [above stair cores], Atrium Ventilation)
- **Electrical Systems** (Bonding / Earthing Checks, PAT*)
- **Lightning Protection**
- **Fire Systems** (Extinguishers, Fire Hydrants, Dry/Wet Risers, Suppression Systems)
- **Pressurised Containers** (Steam Boilers, Pressure Vessels, Non-vented Calorifiers, Compressors)
- **Boilers** (to avoid CO build up or the potential for fuel explosion, emissions directives)
- **Lifts and Lifting Equipment**
- **Cold Water Storage Systems** (Prevent Legionellosis, Regular Chlorination, Tank Cleaning)
- **Roof Safety Equipment** (Fall Arrest Systems, Barriers)
- **Standby Power** (Diesel Generators, UPS if providing back-up power to emergency systems)
- **Waste Management** (Disposal of obsolete materials [lights, refrigerant] and equipment)
3. Maintenance Strategy
Considerations in Formulating Strategy:

- What are the implications of failure?
- How is this plant likely to fail?
- What is the probability of failure?
- Are standby facilities available?
- What level of usage is envisaged?
- What type of maintenance is envisaged?
- What level of technical expertise will be available, and how will it be organised?
- Will spares be available on site?
- Can equipment be purchased or rented locally?
- Can a standard of maintenance be stated?
- Will all necessary documentation be provided?
- What financial resources will be available for maintenance?
- How will compliance be demonstrated?
Maintenance Strategies

Maintenance

Planned

Unplanned

Before fault

Preventive maintenance

Condition based

Scheduled, continuous on request

Opportunity

Predetermined

After fault

Corrective maintenance

Immediate or deferred

Run to failure
## Outcomes of failure risk | Examples of priorities and response times

<table>
<thead>
<tr>
<th>Grading</th>
<th>Response Time</th>
</tr>
</thead>
</table>
| Priority 1 | Investigate and make safe within one hour of notification.  
| | Restore or provide temporary alternative facilities within two hours of making safe. |
| Priority 2 | Investigate and make safe within four hours of notification.  
| | Restore or provide temporary alternative facilities within 24 hours of making safe. |
| Priority 3 | Investigate and make safe as soon as possible.  
| | Repair within a period of seven days of receipt of notification. |
| Priority 4 | Investigate within one week.  
| | Repair within one month from receipt of notification. |
4. FM Outsourcing Models
FM Outsourcing Models

1. Single Service
   - Client (management)
   - Service Provider
   - Service Provider
   - Service Provider
   - Service Provider

2. Bundles Services
   - Client (coordination)
   - Service Provider A
   - Service Provider B
   - Process / Service
   - Process / Service
   - Process / Service
   - Process / Service

3. Total Facilities Management
   - Client (assurance)
   - Service Provider (manages delivery)
   - Process / Service
   - Process / Service
   - Process / Service
   - Process / Service

4. Managing Agent / FM Consultant
   - Client (oversight)
   - Client Representative (external)
   - Service Provider
**FM Outsourcing Models**

1. **Single Service**
   - Service Provider
   - Client (management)

2. **Bundles Services**
   - Client (coordination)
   - Service Provider A
   - Service Provider B
   - Process / Service

3. **Total Facilities Management**
   - Client (assurance)
   - Service Provider (manages delivery)
   - Process / Service

4. **Managing Agent / FM Consultant**
   - Client (oversight)
   - Client Representative (external)
   - Process / Service

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**Facilities Management | Lecture 1 of 4 | Outsourcing Maintenance Contracts**
FM Outsourcing Models

1. Single Service
   - Client (management)
   - Service Provider
   - Process / Service

2. Bundles Services
   - Client (coordination)
   - Service Provider A
   - Service Provider B
   - Process / Service

3. Total Facilities Management
   - Client (assurance)
   - Service Provider (manages delivery)
   - Process / Service

4. Managing Agent / FM Consultant
   - Client (oversight)
   - Client Representative (external)
   - Service Provider
FM Outsourcing Models

1. Single Service

<table>
<thead>
<tr>
<th>Client (management)</th>
<th>Service Provider</th>
<th>Service Provider</th>
<th>Service Provider</th>
<th>Service Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Process / Service</td>
<td>Process / Service</td>
<td>Process / Service</td>
<td>Process / Service</td>
</tr>
</tbody>
</table>

2. Bundles Services

<table>
<thead>
<tr>
<th>Client (coordination)</th>
<th>Service Provider A</th>
<th>Service Provider B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Process / Service</td>
<td>Process / Service</td>
</tr>
</tbody>
</table>

3. Total Facilities Management

<table>
<thead>
<tr>
<th>Client (assurance)</th>
<th>Service Provider (manages delivery)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Process / Service</td>
</tr>
</tbody>
</table>

4. Managing Agent / FM Consultant

<table>
<thead>
<tr>
<th>Client (oversight)</th>
<th>Client Representative (external)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Service Provider</td>
</tr>
</tbody>
</table>

Facilities Management | Lecture 1 of 4  | Outsourcing Maintenance Contracts
FM Outsourcing Models

1. Single Service

Client (management)

Service Provider
Service Provider
Service Provider
Service Provider

Client (coordinating)

Service Provider A
Service Provider B

Process / Service
Process / Service
Process / Service
Process / Service

2. Bundles Services

Client (coordination)

Service Provider (manages delivery)

Process / Service
Process / Service
Process / Service
Process / Service

3. Total Facilities Management

Client (assurance)

Process / Service
Process / Service
Process / Service
Process / Service

Service Provider

Managing Agent / FM Consultant

Client (oversight)

Client Representative (external)

Service Provider
5. Maintenance Resourcing
Input-based - specifies what is expected of the contractor in terms of work. In this case, the client is responsible for detailing what work needs to be carried out at which frequency. The method is often left up to the contractor. Input-based specifications have started to be phased out because of the level of management burden involved and the large ownership of risk being retained on the clientside.

Output-based - describes service requirements and expectations of the client. The contractor is responsible for developing a service delivery vehicle and solution that satisfy these. This allows clients to benefit from the contractor's expertise and know-how, while also delegating a proportion of the ownership of risks to the contractor.
SFG20 is recognised as the industry standard for businesses and individuals responsible for maintaining, managing or specifying the maintenance of building services.

When met, the criteria detailed in SFG20 ensures safe, energy-efficient plant operation and compliance with all current legislation.

The standards also constitute mandatory requirements for inspection and assessment that represent industry best practice.
## Resourcing

### Schedule Tasks

<table>
<thead>
<tr>
<th>Display Order</th>
<th>Item</th>
<th>FQ</th>
<th>Action</th>
<th>Notes</th>
<th>Skillings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1. Filter.</td>
<td>IM</td>
<td>Check manometer reading and renew filter media as indicated.</td>
<td>Check the pressure differential across the filters. It should be noted that checking the filter should be carried out weekly by the client.</td>
<td>M&amp;E</td>
</tr>
<tr>
<td>2</td>
<td>2. Guide vane actuators and modulating dampers.</td>
<td>IM</td>
<td>Check operation.</td>
<td></td>
<td>M&amp;E</td>
</tr>
<tr>
<td>3</td>
<td>3. Condensate drains.</td>
<td>IM</td>
<td>Check for condensate carry-over and that drains are clear.</td>
<td></td>
<td>M&amp;E</td>
</tr>
<tr>
<td>4</td>
<td>4. Humidifier pumps, sprays and water supply to tank.</td>
<td>IM</td>
<td>Check operation.</td>
<td></td>
<td>M&amp;E</td>
</tr>
<tr>
<td>5</td>
<td>5. Fire protection, boost thermostat and controls.</td>
<td>IM</td>
<td>Check operation. For detailed maintenance refer relevant section.</td>
<td>This check should be carried out in September and February in Great Britain.</td>
<td>M&amp;E</td>
</tr>
<tr>
<td>6</td>
<td>6. Vent.</td>
<td>IM</td>
<td>Air should be vented from heating and cooling cells where fitted.</td>
<td></td>
<td>M&amp;E</td>
</tr>
</tbody>
</table>

### Equipment Schedule

<table>
<thead>
<tr>
<th>SPG 20 ID</th>
<th>DESCRIPTION OF EQUIPMENT</th>
<th>1 WEEKLY</th>
<th>2 WEEKLY</th>
<th>1 MONTHLY</th>
<th>2 MONTHLY</th>
<th>3 MONTHLY</th>
<th>4 MONTHLY</th>
<th>6 MONTHLY</th>
<th>12 MONTHLY</th>
<th>ANNUAL TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>03.01</td>
<td>Air Handling Units</td>
<td>15</td>
<td>20</td>
<td>30</td>
<td>120</td>
<td>440</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05.04</td>
<td>Atmospheric Gas Burner - condensing boiler</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.08</td>
<td>Fire/smoke extract units</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28.04</td>
<td>Gas fired natural &amp; fan assisted heaters</td>
<td></td>
<td></td>
<td></td>
<td>60</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29.03</td>
<td>Plate recuperator</td>
<td></td>
<td>10</td>
<td>20</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32.05</td>
<td>Calorifiers - LTHW or MTHW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>260</td>
<td>240</td>
<td></td>
<td></td>
</tr>
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## Comparison between contract and directly employed services provisions

<table>
<thead>
<tr>
<th><strong>Contract</strong></th>
<th><strong>Direct Labour</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible service provided</td>
<td>Workforce more familiar with plant and equipment</td>
</tr>
<tr>
<td>Large workforce potentially available to get work done faster</td>
<td>Workforce available immediately to respond to problems</td>
</tr>
<tr>
<td>Workforce has skills and experience to tackle complicated jobs</td>
<td>Workforce may not have specific skills</td>
</tr>
<tr>
<td>Workforce does not have to be reduces in size after major jobs</td>
<td>Difficult to hire and fire as work load fluctuates</td>
</tr>
<tr>
<td>Special tools and equipment provided by contractor</td>
<td>Additional or specialist tools need to be provided when required</td>
</tr>
<tr>
<td>Monitoring by client may be necessary</td>
<td>In-house supervision required</td>
</tr>
<tr>
<td>Versatile workforce; can handle many types of jobs</td>
<td>Breakdowns or other emergencies likely to delay other work</td>
</tr>
<tr>
<td>Productivity may be measured</td>
<td>May not be possible to measure productivity</td>
</tr>
<tr>
<td>Short term contracts may not inspire full commitment to the client</td>
<td>Potential for greater accountability</td>
</tr>
</tbody>
</table>
TUPE is designed to protect employment rights of staff transferred to another organisation when outsourcing, such as when an in-house team is being replaced by a maintenance service provider or when contractors are changed. This will generally apply to residential maintenance staff when a maintenance contract is retendered and subsequently assigned to a different contractor.

Thus employees’ continuity of employment is preserved, as are their terms and conditions of employment under their contracts of employment (except for certain occupational pension rights).

Representatives of employees affected have a right to be informed about the transfer. Communication is key to a successful transfer. They must also be consulted about any measures which the old or new employer envisages taking concerning affected employees.

Such legislation is complex and evolving, and legal advice must always be sought rather than relying on the broad principles given above.
6. Tender Process
## Outsourcing risk management

<table>
<thead>
<tr>
<th>Source</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders</td>
<td>Multiple stakeholders with different demands can lead to change in scope and programme.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Multiple stakeholders failing to meet review dates for tender documents and / or continually looking to update them.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Availability of Stakeholders (e.g. HSQE, legal, outsourcing, finance, FM) for final reviews</td>
</tr>
<tr>
<td>Resources</td>
<td>Changes in team during the course of the project.</td>
</tr>
<tr>
<td>Data</td>
<td>Late availability of existing data leads to programme delays.</td>
</tr>
<tr>
<td>Data</td>
<td>Low data quality or inconsistency between datasets leads to unreliable results.</td>
</tr>
<tr>
<td>Data</td>
<td>Late issues with TUPE between the incumbent and preferred bidder leading to delays with contract start dates.</td>
</tr>
<tr>
<td>Data</td>
<td>Lack of an asset register for the sites could lead to inaccurate costing.</td>
</tr>
<tr>
<td>Data</td>
<td>Lack of a detailed specification for each service may lead to inaccurate costing.</td>
</tr>
<tr>
<td>Programme</td>
<td>Changes in team (consultant / client) during the course of the project.</td>
</tr>
<tr>
<td>Programme</td>
<td>Un-Expected Quantity of Tender Returns</td>
</tr>
<tr>
<td>Programme</td>
<td>Issue of Clarifications during tender and post–tender evaluation stages.</td>
</tr>
<tr>
<td>Programme</td>
<td>Delay with signing of Contracts</td>
</tr>
</tbody>
</table>
Outsourcing Process

Preparation
- Identification of need
- Project preparation

Pre-tendering phase
- Selection of type of procedure

Tendering procedure
- Preparation of tender documents
- Publication of tender
- Specification of selection/award criteria
- Opening, assessment and evaluation of tenders
- Signature of contract and notification of contract award

Contract management
- Payments to contractor
- Final handover report
- Resolution of any problems Amendments to contract, etc.
Steps in below threshold tendering

**LESS THAN €5K**
- Obtain verbal quotes from competitive suppliers
- Select the lowest price/most suitable

**€5K - €25K**
- Send brief specification by email to a number of suppliers (at least three) seeking emailed quotes
- Consider using the Quick Quotes facility on fenders
- Evaluate offers objectively against specified requirements (using a scoring sheet)
- Select most suitable offer
- Advise all tenderers on the award of the contract

**€25K - EU THRESHOLDS**
- More Formal Process - draw up tender documents using Open Procedure
- Set basis for award (MEAT)
- Agree weighting of Award Criteria
- Advertise on eTenders using an Open Procedure
- Evaluate tenders using weighted criteria sheet
- Select highest scoring tender
- Award contract
- Debrief unsuccessful tenderers
## OJEU Thresholds

<table>
<thead>
<tr>
<th></th>
<th>Works</th>
<th>Supplies and Services</th>
<th>Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Notice</td>
<td>€5,548,000 Threshold applies to Government Departments and Offices, Local and Regional Authorities and public bodies</td>
<td>Contract Notice €144,000 Threshold applies to Government Departments and Offices</td>
<td>Works Contracts / Prior Indicative Notice €5,548,000 For entities in Utilities sector covered by GPA</td>
</tr>
<tr>
<td>Contract Notice</td>
<td>€221,000 Threshold applies to Local and Regional Authorities and public bodies outside the Utilities sector</td>
<td>Supplies and Services €443,000 For entities in Utilities sector covered by GPA</td>
<td></td>
</tr>
</tbody>
</table>
7. Types of Tendering
4 Main Types of Tendering:

- Open
- Restrictive
- Competitive Dialogue
- Negotiated
4 Main Types of Tendering:

- **Open**
  - Single stage outsourcing process whereby all interested parties can submit a tender.
  - Only those tenderers who meet the minimum rules of suitability relating to financial (e.g. turnover / insurance) and technical capacity (e.g. previous experience) are entitled to have their tender assessed.
  - No limit on the number of tenderers which may be submitted.

- **Restrictive**

- **Competitive**

- **Negotiated**
Two stage outsourcing process where all interested parties may apply for consideration (i.e. express an interest)

The first stage involves qualitative assessment of an applicant’s suitability (i.e. financial and technical information) with the objective of drawing of a tender list in order to ensure a genuine competition (normally at least 5)

The second stage involves the evaluation of invited tenders against the specification and award criteria.
4 Main Types of Tendering:

- Open
- Restrictive
- Competitive Dialogue
- Negotiated

A three stage outsourcing process involving:

- (i) **suitability process**;
- (ii) **conduct of dialogue process** in conditions of strict confidentiality; aimed at identifying comprehensive solutions which meet the public bodies requirements
- (iii) **formal tender process** inviting individual tenders and selection of best tender in accordance with award criteria. This procedure is only available for particularly complex outsourcings where the financial, legal or technical solutions cannot be defined in advance.
4 Main Types of Tendering:

- **Open**: The most flexible of all outsourcing procedures.
  - An exceptional procedure whose use by Public Bodies is strictly limited to specific instances.
  - Under the negotiated procedure, public bodies invite tenders and negotiate the terms of the contract with one or more of the chosen tenderers.
  - May only be used by Public Bodies where the nature of the requirement does not permit overall pricing; or where it is not possible to specify requirements for a service with sufficient precision to enable tenderers to respond with priced tenders; or where an open, restricted or competitive dialogue procedure has not attracted acceptable tenders.

- **Restrictive**

- **Competitive Dialogue**

- **Negotiated**
Features of a Pre-qualification Questionnaire:

- Request: Proof of competence (track record)
- Evidence of adequate resources
- Evidence of financial standing & record
- Evidence of quality control
- Health & Safety Policy
- Details of similar projects/contracts

Scoring a Pre-qual Questionnaire:
- Assign score to each question depending on its importance
- Public Tender Pre-quals are open to public scrutiny
- Be Objective!
- Set cut-off score to allow adequate no. of tenderers
Most Economically Advantageous Tender (MEAT) Assessment

<table>
<thead>
<tr>
<th>REF</th>
<th>COMPANY</th>
<th>PASS-FAIL CRITERIA</th>
<th>TECHNICAL</th>
<th>COST</th>
<th>MIN SCORES MET</th>
<th>TOTAL</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Service Provider A</td>
<td>OK</td>
<td>44.0%</td>
<td>46.0%</td>
<td>OK</td>
<td>90.0%</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>Service Provider B</td>
<td>OK</td>
<td>38.0%</td>
<td>50.0%</td>
<td>OK</td>
<td>88.0%</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Service Provider C</td>
<td>OK</td>
<td>37.0%</td>
<td>48.0%</td>
<td>OK</td>
<td>85.0%</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Service Provider D</td>
<td>OK</td>
<td>38.0%</td>
<td>45.0%</td>
<td>OK</td>
<td>83.0%</td>
<td>4</td>
</tr>
</tbody>
</table>

Maximum Marks Available: 50% for Technical, 50% for Cost, 100% for Total

Combined Technical and Commercial Summary Scores

- **Service Provider A**: 46.0% Cost, 44.0% Technical
- **Service Provider B**: 50.0% Cost, 38.0% Technical
- **Service Provider C**: 48.0% Cost, 37.0% Technical
- **Service Provider D**: 45.0% Cost, 38.0% Technical
<table>
<thead>
<tr>
<th>Mobilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobilisation Process:</td>
</tr>
<tr>
<td>1. Set up weekly meeting / call with relevant stakeholders</td>
</tr>
<tr>
<td>2. Continue weekly meeting / call monthly one post opening</td>
</tr>
<tr>
<td>3. Agree Service Provision - Initial Agreement</td>
</tr>
<tr>
<td>4. Agree KPI’s - Finalise</td>
</tr>
<tr>
<td>5. Introduce KPI’s as part of client monthly report and meeting</td>
</tr>
<tr>
<td>6. Agree Budgets...confirm final Buy and Sell figures.....raise PO’s for fixed costs and reactive as required</td>
</tr>
<tr>
<td>7. Agree Invoicing Format and Arrangements</td>
</tr>
<tr>
<td>8. Client billing monthly one fixed and reactive invoices - correct and on time</td>
</tr>
<tr>
<td>9. Arrange meeting with Accounts Dept to go through account set up including opening advice etc</td>
</tr>
<tr>
<td>10. Meet with Accounts person month one to go through billing to ensure it is billed correctly</td>
</tr>
<tr>
<td>11. Agree Report Format</td>
</tr>
<tr>
<td>12. Introduce client monthly report pack - from month one of live date</td>
</tr>
<tr>
<td>13. Inform Aramark Support Team of new business i.e. H&amp;S, Health &amp; Safety etc</td>
</tr>
<tr>
<td>14. Implement Quality Plan</td>
</tr>
<tr>
<td>15. Perform Risk and Safety Audit</td>
</tr>
</tbody>
</table>
8. Contracts and Service Level Agreements
Why Have a Contract?

• **Formal Legally Binding Framework** within which service specification & SLA can operate

• **Allow for changes** to be made to specification

• **Set out terms & conditions:** Payments, Insurance, Legislation, Contract Period,

• **Rewards & Penalties**

• **Allow for Termination**
Partnering, in the context of maintenance outsourcing, can be used to manage the relationships between organisations in the maintenance process. It is neither a new form of contract nor a specific method of outsourcing. Partnering is a culture that can play a vital role in the outsourcing process.

Partnering is also described as a long-term contractual relationship to enable cost reduction, quality improvements and service delivery, and to promote innovation, for mutual benefit, by maintaining an open and collaborative relationship.

cost reduction, quality improvements and service delivery
An agreement between the client & service provider

Quantifying the minimum acceptable service standard.

Boilers shall be operational for a minimum of 98% of office working hours 9AM to 6PM, 5 days/week.
What Should an SLA Contain:

- Name of each party
- Roles & responsibilities of each party
- Scope of services to be provided
- Location of services to be provided
- Quality & Performance-Related targets
- Time-related targets
- Prices, Rates and Payment procedures
- Resources Required
- Method of Communication between parties
- Change procedures
Typical SLA measures include:

- **Availability** – e.g. network must be available 12 hours/day
- **Reliability** – e.g. no more than 3 network failures per week
- **Serviceability** – e.g. 97% of failures to be restored within 30 minutes
- **Response Time** – e.g. 66% of calls to be responded to in 1 hour
Benefits of an SLA:

Increase accountability of the service provider – cannot explain away quantified results
A means of measuring intangible ‘service’
Provide clarity on the services provided.

Possible disadvantages of an SLA:

Can restrict ‘partnership’ – if too onerous on service provider, goodwill may be lost
Can impede excellence – provider may fulfil SLA’s only and not improve on them.
Can focus on the ‘hard’ rather than the ‘soft’ – measurements don’t indicate ‘personality’
9. Operations Management
Monthly Meetings and Reporting

Monthly Report Contents

<table>
<thead>
<tr>
<th>Financial Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Report</td>
</tr>
<tr>
<td>PPM report</td>
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<tr>
<td>Callout report</td>
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<tr>
<td>Breakdown report</td>
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<tr>
<td>Repairs report</td>
</tr>
<tr>
<td>Parts report</td>
</tr>
<tr>
<td>Spares report</td>
</tr>
<tr>
<td>Repeat Failures – MTBF / MTTR</td>
</tr>
</tbody>
</table>

Works planned for next quarter

<table>
<thead>
<tr>
<th>Major works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possible down time to services</td>
</tr>
<tr>
<td>Contractors on site</td>
</tr>
<tr>
<td>New Project works</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engineering Innovations / Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier’s Service Desk Activity</td>
</tr>
<tr>
<td>Health &amp; Safety Report</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Waste Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Resource Levels</td>
</tr>
<tr>
<td>Emergency Systems Testing Report</td>
</tr>
<tr>
<td>Policy Changes, Reviews, Audits or other management alterations to practice or contract</td>
</tr>
<tr>
<td>A Written Audit of one site per month.</td>
</tr>
<tr>
<td>Upcoming Regulatory changes EU</td>
</tr>
<tr>
<td>Any Other Business</td>
</tr>
</tbody>
</table>
Performance and quality management processes in FM

- Needs and Demand:
  - Client
  - Customer
  - End user
  - Society

- Specification of requirements:
  - Characteristics
  - Grade
  - Indicators

- Service Levels elaboration:
  - Input based
  - Output based
  - Indicators

- Organize Measurement:
  - Define methods of measurement
  - Develop and provide tools

- Measure Results:
  - Audit
  - Customer Satisfaction
  - ... Compare
  - Agreed
  - Delivered

- Compare Results with needs and requirements

- Plan

- Do

- Check

- Act

- Analyze deviation
- Adapted compensation
- Reward and penalty
- Rework / subsequent work
- Optimize
- Supplier development
- Supplier management
Key performance Indicator
• If demobilisation is left out of a contract or owned by the exiting contractor, this can cause a **loss of valuable and business critical information**, adding cost to the transition between suppliers.

• Adding a client-owned demobilisation plan at the point of tendering will **ensure commitment from the outgoing contractor** at the end of the term and allow the client to add penalties to ensure a smooth and organised transition between contracts and not start a new contract/relationship on a negative or failing service delivery due to lack of information or support.
10. References
Reference Documents

- **EN15221** - European Standard for Facilities Management
- **CIBSE Guide** - Part M
- **SFG20** - Standard Maintenance Specification for Building Services
- **BSRIA** - Guidance for the outsourcing of Building Services Operation and Maintenance
- **IWFM** – Outsourcing Good Practice Guides
- **OGP** – Outsourcing Guidelines