**Getting Britain going again**

**Overview**

The crisis has highlighted the importance of support services not only as major employers themselves but to the whole economy, and as a key part of the response to Covid-19. They have, for example, been an inextricable part of keeping hospitals operating during the crisis. Unless services such as cleaning, catering, security and asset maintenance services are available in advance or tandem with organisations restarting across the country, other sectors will be unable to return to work and the economic impact will be prolonged. The sector is also a vital enabler in the UK’s economic recovery. It employs 1 in 10 of the workforce and contributes 8% of the national output.

BSA members can support the Government in numerous ways as it orchestrates the reopening of the economy and winds down its support:

* Manage resources / activities peaks – Both the Nightingale hospitals and test centres implementations are great examples of the speed and flexibility in which BSA members supported government initiatives working in a tight partnership. Applying this approach across all parts of the economy would accelerate the reopening and ensure that it happened smoothly.
* Planning, coordinating and execution – BSA members have a very deep expertise in planning and executing complex programmes (e.g. implementing national contract mobilisations). Using these programme planning and execution skills could support Governments as it coordinates the massive task of reopening the economy.
* Applying our sector and capability expertise – BSA members support and work in all sectors of the economy. We have deep insights and operating experience that can help inform the planning of the reopening of all sectors in the economy.
* Deploying technology to ease the transition to the ‘new normal’ and future proofing facilities. BSA members have developed technology services that can help to reset business and employee work environments. Examples include remote monitoring, intelligence gathering and communication, workplace sensors and consumer workspace apps.

This document sets out the challenges and opportunities BSA members have identified, in the short term and medium term, as the economy sets out on its recovery journey.

**Anticipated challenges raised by members**

**General Public Procurement Considerations**

Forward Planning

* A large number of contracts, which would have been retendered in 2020, have been extended to the end of the year. CCS should have a master list of all procurements and actively plan the pace and phasing of these contracts. It can thereby develop a considered programme to manage the pipeline. Updated timelines should then be published.
* Release ITT documents earlier than the current practice. This will enable bidders to do all mark ups, ask CQs early and thereby reduce the likelihood of needing to have any extensions.

Coordination

* Collaborate with bidders to determine whether any bids can have a shorter bid or mobilisation period. This will accelerate the overall government pipeline delivery.
* Ensure that there is better collaboration between Government departments. There should only be one or two live bids on any framework at a time.
* Stagger contract lengths so contracts don’t all renew at the same time and re-create the bottle neck in the future. Ensure the poorer performing contracts come to market first.

Flexibility & Simplicity

* Clients could start running some competitions now and change the order of procurement such that site visits and collaboration are at the end of the process. Introduce BAFO, if needed, to tweak bids following these visits.
* Simplify procurement process. For example, bid on example site in price envelope, where full information is given. Then once the final two providers are short listed, run a more detailed process to cover the whole portfolio. Another approach could be to use ‘should cost’ modelling to fix the price and evaluate bidders on what they can offer for the price.
* Government should also advocate ISO accreditations are extended reasonably and look at smarter ways of conducting audits.
* Extension periods could include an ability to operate a rolling contract post the extension period to provide more flexibility and enable authorities to determine the right time to enter a competitive tender process.

Fair competition

* Where frameworks have to be re-let, buyers could make much better use of dynamic purchasing systems instead of fixed frameworks. A DPS can ‘smooth’ the backlog of tenders, because they allow new suppliers to join at any time.  DPSs also make contracts accessible to a wider range of firms.
* The backlog on procurement might mean that some contracts need to be let under emergency provision for a good while yet but, as we move out of lockdown, in order to justify the lack of competition, these contracts should be subject to greater levels of scrutiny and transparency to ensure that they are performant and that awards were justified.

**Withdrawal of Government Support Measures and Policies​**

* Suppliers should not be forced to issue Force Majeure/Relief Notices where they are unable to meet contractual service levels during an extended period of returning to normal operations. One aspect of the Government support approach would be to introduce a Model Transitional Services Agreement to facilitate a phased return to normal, taking into account coming in and out of lockdown and a potential second spike of Covid-19 infections resulting in a new wave of restrictions.
* In many cases it will be very challenging or undesirable in the eyes of the contracting authority/service users to revert to pre-Covid-19 operating models, ways of working and deliverables. However, sustaining those Covid-19 changes for the longer term may require permanent contract changes/increases in service charges.​
* In addition, it will be challenging for service providers to immediately revert to meeting pre-Covid-19 KPIs and contractual requirements. The reasons for this will likely include: ​

- continued high staff absence rates; ​

- annual leave backlogs; ​

- implementation of social distancing measures and ways of working; ​

- rewinding the re-deployment of personnel to support the Covid-19 response; and ​

- supply chain disruption.**​**

* Cabinet Office and other guidance has indicated that the circumstances surrounding Covid-19 will/should be taken into account when considering legal liability (e.g. when looking at data breaches in the context of working from home, GDPR and privacy limitations in the context of keeping employees safe via tools such as contact tracing and testing or where or challenges to the public procurement rules cases where public bodies seek to take advantage of the existing exemptions). However, often this is often seen as just guidance and not enshrined in law. It would, therefore, be beneficial if further legal / regulatory changes could be considered to provide certainty in relation to the ongoing situation.

**New Workplace & Social Distancing Requirements**

* In order to comply and assure staff about safe working places, there may be a need for additional sq ft capacity (whether office, depot or workshop) to enable social distancing – particularly in those workplaces where it is not possible for staff to work from home. Workplace premises and vehicles may also need to be reconfigured and even replaced to comply with requirements and ensure staff health and wellbeing. This could give rise to a significant cost for businesses (particularly those delivering front line public services) which need to maintain a large number of workplaces and for which home working isn't option. ​
* Trade Unions are increasingly challenging the application of Government guidance and it is likely Trade Union engagement will increase with operations returning to pre-Covid-19 levels and staff returning to the workplace. This will likely make it more challenging to quickly return to pre-Covid-19 productivity levels.

**Non-recovery of additional Covid-19 costs/charges**

* Service providers have been requested/required to incur significant additional costs (particularly in relation to additional staff and consumables) and to implement a large number of service delivery changes to support the Covid-19 response effort. This is particularly true in the Health sector.​
* It has not always been possible to promptly document binding written customer commitments to reimbursement of additional costs and/or contract variations in respect of service delivery changes. To date, central Government support and funding has made it possible for certain contracting authorities to commit to cover those costs and pay for additional services. However, going forward, there is a risk that additional costs will not be reimbursed (particularly given likely affordability challenges after central Government support is withdrawn), service changes will not be formally documented and verbal commitments/understandings during the crisis will not be contractualised/implemented. ​
* It is important that clear guidance and direction continues to be given to contracting authorities in this area (similar to that set out in the PPNs) as we move into the recovery phase. Also, it is important that contracting authorities have the means to promptly reimburse suppliers for costs incurred and additional work carried out in connection with Covid-19.

**Deferral of capital projects/asset renewals and reduction in variable works**

* We are already seeing Local Authorities paring back certain services to core essential services only. It is unlikely that LAs will be able or willing to revert to pre-Covid-19 service levels and volumes given inevitable budget constraints/affordability challenges.​
* It is also anticipated that there will be a reduction in non-essential variable works and a deferral of capital works and asset renewals across Government contracts particularly PFIs.
* The commercial assumptions and viability/profitability of many of these contracts for service providers is underpinned by pre-Covid-19 assumptions regarding volumes of variable work and asset lifecycles. Therefore, there is a risk of reductions and deferrals in these areas giving rise to a negative impact on the economic viability of many Government services contracts.

**Inflation and Indexation Impact of Covid-19**

* There is a risk of negative indexation applied to pricing given the potential deflationary impact of lockdown measures on standard economic metrics (e.g. CPI/RPI) used to balance cost increases with pricing. The cost bases of most public service providers is majority labour costs and those costs will not reduce with these metrics.   ​
* Also, there is a clear prospect of enduring public sector salary increases – particularly in the NHS. Any change in policy that results in increased pay for public sector workers will also give rise to additional non-budgeted salary costs for private companies who provide the same or similar services (e.g. support staff in hospitals, care workers or prison custody officers).
* Appropriate consideration needs to be given to the impacts on those private sector providers (and the viability of the contracts under which they provide services) and any appropriate support/interventions that may be possible should be fully assessed prior to policy approval.

**Insurance**

* An already hardening insurance market is being severely impacted by Covid-19. It is likely that the insurance cover that service providers to Government require to effectively manage its risk will become significantly more expensive and insurance deductibles will materially increase. There is also a possibility that certain risks may be become uninsurable by service provide.​
* Therefore, it is likely that the cost of risk transfer to service providers by Government will increase and, in certain cases, may no longer be possible for service providers to accept.​ This may lead to an inability or a reduced appetite among service providers to bid for high risk services and/or accept risk transfer of the type typically preferred by Government (or alternatively lead to more risk pricing and reduced Value for Money). It also further emphasises the need for consistent implementation of playbook guidance on risk allocation and further specific guidance on risk and insurance​.
* It also raises the prospect of insurances required to effectively manage risk currently borne under existing contracts becoming prohibitively expensive or even uninsurable. This would give rise to increased service delivery costs on many contracts which already deliver precariously low margins and the need for service providers to re-visit and potentially seek to re-negotiate the terms of their existing contracts for reasons of uninsurability.

**Covid-19 related litigation and regulatory non-compliance**

* It is anticipated that Covid-19 will lead to increased legal and regulatory activity and risk for businesses. This is likely to include:​
* increases in claims against employers and industrial relations issues ​
* public liability claims against providers of public services​
* conflicting interpretations of fast-tracked Covid-19 legislation and guidance which will give rise to disputes​
* further iterations of fast-track complex Covid-19 legislation and guidance which requires interpretation and compliance
* Again, this will likely add to the cost of doing business for public service providers which Government will see coming through in tender pricing and negative impacts on the economic viability of existing contracts.

**Sectoral considerations**

**Facilities Management**

* During lockdown many statutory and routine maintenance tasks will not have been carried out. Passenger lifts, escalators, fume extractions systems, pressure systems etc. may no longer be compliant with the law or good industry practice and will require testing before being brought back into use. This will put an incredible strain on the sub-contractor chain unless they are allowed to operate ahead of services being resumed. The alternative is for employees to be brought back and asked to use non-compliant equipment and tools.  This could create a very real health and safety issue.

**Contract Catering and Hospitality Sector**

* Many contractors will be calling upon the same supply chains when restrictions lift; not least for the provision of PPE required for food preparation. Without due notice, delays in the resumption of services may be inevitable.
* Those coming to work will be best protected if they limit the number of places they visit during their working day.  Having access to a canteen within their place of work limits infection risk to those in their ‘section’ within their workplace. Visiting high street cafes or retailers must increase the risk of bringing the infection in to the workplace, when compared with limiting physical spaces to home and the office.
* In addition, high street retail offers will be ‘grab and go’, increasing infection risk from hands touching retail items and from insufficient social distancing in queues.  In an office environment, click-and-collect eliminates the risk that two consumers touch the same packaged food item.  Social distancing is also easier to manage as:
* Lunch breaks can be staggered
* Queue markings are easier to create and sustain in a controlled environment such as an office vs. the high street or mall
* Bringing food from home is not practical at scale, and if practiced widely will increase infection risk:
* Workplaces (particularly those that are densely populated) do not have sufficient fridge space to hold hundreds of meals from home.
* Office fridges used by consumers are a potential infection ground (risk from multiple ‘touches’ on the fridge door).
* Office microwaves are also a potential infection ground (again, microwave door handles), and microwaves are often situated in small areas, compromising social distancing
* Office caterers have the highest health and safety standards in the industry:  our business and industry divisions have a very high proportion of EHO 5\* ratings. Encouraging eating in these environments will funnel consumers towards outlets with higher food safety standards which will translate into higher infection control standards.
* Overall, the best approach must be the provision of multiple safe eating environments (whether office-based or on the high street), so that people can gradually return to work and eat and drink without breaking social distancing guidelines. If we mandate that some outlets are shut, then by definition we are increasing the density of consumers at other outlets, and therefore increasing the infection risk.

**Education sector**

* For schools to reopen:
* Catering services require a minimum of three weeks to get back up and running. Social distancing measures will need to be communicated early so that school meal providers can plan staffing, food offers and food service solutions to meet social distancing and to reorder food commensurate with the lag time (see Supply Chains). They also need to check allergy guidelines and re-establish digital meal ordering platforms for parents.
* Cleaning services need one week to training cleaning staff on new regimes, social distancing measures, and KPI standards.
* Asset maintenance services to keep water, power and building systems safe, need to be planned.
* Supply chains will need three weeks’ notice to restart logistic services, source supplies such as food stuffs, bring staff back from Furlough, and retrain staff on new processes (linked to social distances).
* Early discussions are required on the commercial impact of social distancing around meal volumes and additional safety, cleaning and hygiene measures.

**Public Transport Contracts/Franchises**

* UK public transport businesses have experienced significant reductions in passenger numbers since Covid-19 restrictions were introduced. We expect passenger numbers to continue to be depressed for some time and it may be the case that passenger numbers never return to pre-Covid-19 levels.​
* It is anticipated there will be an enduring and significant impact on all public transport contracts and franchises which depend on assumed numbers of passenger volumes for viability. ​
* Emergency Measures Agreements (EMAs) have significantly mitigated the financial impact onsome public transport businesses to date. However, EMAs have not been available for operators of public transport services for regional transport authorities (e.g. TfL; Merseytravel) in respect of which there has been and continues to be a significant financial impact. Where there are EMAs, those will be in place for a finite period and it is difficult to envisage many existing public transport contracts continuing to be economically viable under their current terms without further funding support and/or commercial restructuring.
* Careful consideration needs to be given to when and how support currently provided by EMAs will be withdrawn. In addition, some thought should be given to the structural changes that may be required to be made in respect of public transport provision and the contracts under which they currently operate.​
* It is also anticipated there will be changes in legislation and guidance (including separate guidance and potentially additional requirements from devolved administrations) which imposes additional requirements on transport operators to ensure passenger safety (e.g. issuing of additional PPE and implementation of social distancing measures). These will likely lead to an increase in operator costs and reduced passenger capacity and place further strain on current operating models.

**Opportunities identified by BSA members**

**SMEs**

* The pandemic has often hit smaller companies hardest, and larger organisations can have the capacity and reach to help. Non-SME BSA members can help SMEs in three ways:
* through business-to-business outsourcing, where research shows this increases productivity as companies focus on core activities;
* specifically through professional business services support. The Professional and Business Services Council has looked at the potential role of professional and business services providers to provide support through local ‘clinics’ for SMEs. Working with LEPs on regional networks of advice and support would be another way to develop this; and
* through equitable partnership arrangements between businesses of different sizes. Collaboration can help different sizes of organisations draw on their respective strengths. Larger organisations can help shoulder the risk and provide the up-front finance which are often necessary parts of contracts with public and private sectors alike. They can make full use of the external expertise and supply chain management they can bring to the table.
* The importance of equitable partnership means, for example:
* it is incumbent, now in particular, on large organisations to pay their supply chains quickly, and respond in the text and spirit of PPNs 02/20 and 04/20;
* now and longer term there is a need for fair allocation of risk and reward; and
* larger and smaller organisations each need to be made aware of the opportunities available both to contract directly with the public sector and to collaborate with each other (for example with directories or networks of local suppliers, as well as the use of initiatives such as Contracts Finder).
* These objectives are all more likely to be achieved with long-term vision from public sector commissioners; investment in both procurement functions and contract management; equitable risk transfer; economic stability; and clear pipelines of work. They also require early engagement with businesses and VCSE organisations of all sizes, to bring in ideas on how value and social value outcomes, including in relation to community organisations, can best be achieved.

**Levelling-up**

* Training and employment support provision across all sectors needs to be a priority, to help all groups access the jobs that become available. That includes making sure training and employment support providers can survive the lockdown, for example through effective Supplier Relief and flexible apprenticeship levy rules, and that there is a focus on helping those groups with particular needs who may have been hit hardest by the lockdown.
* The infrastructure and construction pipeline also needs to focus on those areas of the country where there is greatest need to kickstart the economy, including through the Green Book Review.
* Therefore, the voices of local communities, beneficiaries and local and devolved government should be heard in the decision-making process about the restart and subsequent time period.
* In support of the two preceding bullets, there should be a renewed emphasis on wider value in public procurement, especially social value and justice, in contracting for services in the public space. Early engagement with the private and VCSE sectors should be initiated with the aim to capture best practice that can be scaled and replicated at speed with the aim of maximising social value and value for money (mutually supporting but not interchangeable).
* Similarly, digital innovation has made great advances as a consequence of Covid-19 and these too must be secured and built upon, including investment in ensuring equal access to these benefits by all, and support to continue the use of, and further develop digital solutions that have been deployed during the crisis.
* As a consequence of Covid-19, local communities have found innovative ways to care for vulnerable people in their communities. This hard won experience of what beneficiaries need (type, place, time, quantity etc) and how the local level brigaded to accommodate its provision should be subject to early lessons identified for capture and analysis. The understanding gained should be used to inform local public service provision in concert with the communities to be served.

**Productivity and innovation**

* The Government should consider what stimulus is required to effect a strong rebound on a sector-by-sector basis. The Government could accelerate project work which would help future proof its own infrastructure from a sustainability, resilience and post COVID-19 agile working perspective. This could include;
* Energy efficiency works
* Lifecycle work in data centres
* Work to support telecoms and digital infrastructure
* Works to increase flexibility e.g. fit out, HVAC modifications, sensor
* Enhancements to BMS to allow more remote monitoring
* Workplace design
* Moves and changes
* Longer term, there will undoubtedly be a budget squeeze both in government and industry. As a consequence, a lot of public sector organisations won’t be in a position to invest heavily in new technology and innovations. There will need to be wider conversations about maximising existing services and working with specialist companies to support investment, technology and skills development. This will only be possible through a partnership approach between government and companies. To enable this partnership to work for both parties, the following will need to be considered:
* Longer contract terms to enable companies to invest in technology
* A collaborative, sympathetic approach to jointly identify opportunities and develop technology and service solutions
* Disciplined and focused innovation that delivers tangible results
* Contract innovation fund which is separate from business as usual activity.
* In addition to technology and innovation there will be an opportunity to simplify the process of becoming apprenticeship providers. Companies should be able to develop their own bespoke apprenticeships.
* Even with possible budget constraints there will be an opportunity to generate employment by accelerating project works that needed be done across government department estates.
* A recommitment to government-led investment will be helpful in rebuilding confidence and the private sector will follow. More investment in broadband speed and availability should be speeded up and mandated by government.
* Digital Technology continues to be a vital enabler of economic growth, the Government should therefore look to create Enterprise Zones following the end of the lockdown that are focused on using digital technology to aid entrepreneurs.
* Digital Technology can help to ensure regional inequalities are overcome rather than entrenched during the recovery from lockdown through enabling business to use the power of big data to overcome local challenges and restrictions.
* Government should accelerate digital transformation programmes within Whitehall and across local government to help to ensure continued access to essential services.
* Government should use the Accelerated Innovation Partnership model which has helped to deliver rapid progress in the initial stages of the Covid-19 outbreak (e.g. ventilator manufacturing) to spur the economic recovery in other areas.
* Government should outline how it intends to help businesses to build on those digital transformation projects which have been accelerated in response to the Covid-19 outbreak.
* The lessons of lockdown for approaches to sustainable growth should not be lost: continuing to reduce our carbon footprint must remain a central focus.
* The NHS does not want to return to pre-Coronavirus operating model. Many improvements have been made as a result of the crisis that should remain operational, for example, BT lifelines into ICU.

**Transparency**

* Despite good progress in recent years, there is still a shortfall in quality of data in and around public procurement. For instance, according to one analysis of public spending data, around 60 per cent of public contracts are not published in Contracts Finder. It is often difficult to see precisely who has won a contract and by what mechanism the contract was awarded, or what is required of the supplier delivering the contract. There is a significant opportunity to conduct much greater analysis of our public contracting, so that we can better understand the impact of the procurement decisions that are being made and deliver much better outcomes for service users and the economy at large. The Government has the ability to drive growth, increase jobs and reduce carbon with the money it spends with suppliers, but it can only do this if it can access good data on what is spent by public bodies.