

## **Factsheet on Best Sourcing/ Procurement**

### What is Best Sourcing?

1. Best sourcing involves the awarding of service contracts for outsourced functions based on factors that go beyond just price. This is in contrast to “cheap sourcing”, where contracts are awarded to service providers solely on the basis of lowest price. When service providers bid aggressively low to win contracts, and cut costs by reducing benefits and depressing wages, low-wage workers suffer from stagnant wages, poor employment conditions and few opportunities to up-skill themselves.
  
2. When service buyers emphasise service quality and outcomes rather than headcount in their contract terms i.e., use outcome-based contracting:
  - (a) Service providers are encouraged to improve productivity in the delivery of their services;
  
  - (b) Workers benefit through better employment terms and conditions, which will in turn make outsourced jobs more attractive; and
  
  - (c) Service buyers and consumers potentially stand to benefit from services of a higher quality, and delivered in a more efficient manner by a more motivated workforce.

How do companies become accredited, well-graded or attain Landscape Company Register (LCR) status?

1. Cleaning businesses can obtain accreditation (Clean Mark Silver or Clean Mark Gold) under the National Environment Agency (NEA)'s Enhanced Clean Mark Accreditation Scheme (EAS) upon meeting the criteria.
2. Security agencies that perform well in the Singapore Police Force (SPF)'s Security Agency Grading Exercise (SAGE) will be well-graded i.e., Grade A or B.
3. To become accredited, well-graded or obtain LCR status, companies are required to:

(a) Perform well in terms of professional standards, such as in their delivery of services and training of workers. For example:

- (i) Accredited cleaning businesses are required to ensure that at least:

(For Clean Mark Silver Award)

- 50% of its cleaners trained in any two modules under the WSQ<sup>1</sup> Certificate in Environmental Cleaning or higher
- 50% of its team leaders trained in any two modules under the WSQ Higher Certificate in Environmental Cleaning or higher
- 50% of its supervisors trained in any two modules under the WSQ Advanced Certificate in Environmental Cleaning

OR

(For Clean Mark Gold Award)

- 75% of its cleaners trained in any two modules under the WSQ Certificate in Environmental Cleaning or higher

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<sup>1</sup> WSQ: Workforce Skills Qualifications. For more information on WSQ modules and enrolment, please refer to SSG website at [www.ssg.gov.sg](http://www.ssg.gov.sg).

- 75% of its team leaders trained in any two modules under the WSQ Higher Certificate in Environmental Cleaning or higher

75% of its supervisors trained in any two modules under the WSQ Advanced Certificate in Environmental Cleaning

- (i) Security agencies are assessed and scored based on criteria broadly categorised under processes, people and systems.
  - (b) Adhere to employment laws. To be accredited or well-graded, cleaning businesses and security agencies must not have committed egregious offences under employment laws in the past twelve months preceding the certification and throughout the award. From April 2018 onwards, this will also apply to landscaping companies once the LCR incorporates employment law criteria.
4. Accredited cleaning businesses\*, well-graded (Grade A or B) security agencies\* and LCR companies also pay wages in accordance with the Progressive Wage Model (PWM).
- \*Paying wages in accordance to the PWM is a **licensing** requirement/ condition for cleaning businesses and security agencies.*
5. The accreditation, grading and LCR status are renewed on an annual basis.
  6. As of 31 December 2017, there are 170 accredited cleaning businesses, 171 well-graded security agencies, and 278 landscaping companies on the LCR.
  7. Please refer to Annex A for more details of the schemes.

## Government stepping up on best sourcing efforts

1. In 2012, the Government announced that all government agencies, which include ministries and statutory boards, will procure only from accredited cleaning businesses and well-graded security agencies. The Government also committed to only procure from landscaping companies which are registered on the Landscape Company Register (LCR). This was implemented from April 2013 onwards for new cleaning and security contracts, and from 30 June 2016 onwards for new landscaping contracts.
2. From January 2019, the Government will procure cleaning, security and landscaping services from companies with **two** consecutive accreditation, good grading and LCR status respectively. This will further safeguard the basic employment rights of outsourced workers, and uplift the employment standards in the cleaning, security and landscaping industries.
3. Service buyers in the private sector are encouraged to follow suit to benefit from services of a higher quality, and delivered in a more efficient manner by a more motivated workforce.

## **Annex A:**

### **National Environment Agency (NEA)'s Enhanced Clean Mark Accreditation Scheme (EAS)**

1. On 21 July 2010, NEA introduced the Voluntary Clean Mark Accreditation Scheme, which was jointly developed by NEA, MOM, former WDA, and NTUC's e2i in consultation with industry representatives and Unions. The scheme recognises businesses that deliver high standards of cleaning through the training of workers, use of equipment to improve work processes, and fair employment practices.
2. The scheme was subsequently enhanced, and is now known as the Enhanced Clean Mark Accreditation Scheme (EAS), to raise the overall standards and professionalism of the cleaning industry through better employment practices and productivity initiatives since 1 November 2012.
3. There are two levels of award under the EAS; namely Clean Mark Silver and Clean Mark Gold. The award is currently valid for 1 year and shall be renewed upon re-assessment.
4. To qualify for either award under the EAS, cleaning businesses are assessed in the following four areas:
  - (a) Professional and regulatory cleaning standards;
  - (b) Environmental health and cleanliness standards;
  - (c) Operation planning, support and delivery; and
  - (d) Training, quality of manpower and general working conditions.
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## **Singapore Police Force (SPF)'s Security Agency Grading Exercise (SAGE)**

1. The SAGE is conducted by the Police Licensing and Regulatory Department (PLRD) every year. It is mandatory for all security agencies (SAs).
2. The grading exercise provides an independent assessment of SAs' security and service standards. This helps service buyers discern service quality, provides feedback to SAs on how they can improve operational capabilities, and raises professional standards of the private security industry in Singapore.
3. In 2018, the SAGE will be revised to place greater focus on security outcomes, continuous training and technology adoption. The assessment categories are as follows:
  - (a) **Processes** – SAs will be assessed on whether they have put in place systematic and robust processes in three key areas:
    - (i) Training and human resource development – e.g. to induct new hires, develop job competencies, provide continuous training and development for existing officers
    - (ii) Operations – e.g. incident reporting and management, validation of operational procedures through red-teaming exercises and sharing of lessons learnt from after-action reviews
    - (iii) Service buyer engagement – e.g. joint security risk surveys, regular platforms for customer feedback
  - (b) **People** – The People category assesses security officers' competency in carrying out their job functions at deployment sites. They will be tested on their knowledge of Standard Operating Procedures and their ability to execute the approved procedures. Supervisors will also be assessed on their awareness of their roles and responsibilities.

- (c) **Systems** – In the Systems category, the focus is on whether the SA has adopted technology to improve productivity and reduce reliance on headcount. SAs will be assessed on whether they have invested in and deployed technology in various aspects of their operations, such as using IT systems to manage incidents, aid supervision and facilitate learning.
- (d) **Employment Practices** – As per previous grading exercises, the Ministry of Manpower assesses the SAs' Human Resource (HR) systems in this category. SAs will be assessed on whether their HR policies are progressive and support the industry's transformation.
- (e) **Counter Terrorism** – An additional component on counter terrorism training was added this year to ensure SAs take steps to send their security officers for the WSQ training in "Recognise Terrorist Threats" which will be a Basic Licensing Unit for security officers come 1 January 2020.

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### **National Parks Board (NParks)' Landscape Company Register (LCR)**

1. The Landscape Company Register (LCR) is a publicly available listing maintained by the Centre for Urban Greenery and Ecology, a division under the National Parks Board (NParks). Any company that wishes to be recognised as a genuine landscape services provider can apply to be on the LCR. Landscape services can include design and planning green spaces, landscape construction and management of completed landscaped areas.
2. Landscape companies need to fulfil several criteria:
  - (a) Majority of business contracts must be related to landscape services;
  - (b) All landscape operations employees must be trained according to their job scopes as specified in the Progressive Wage Model (PWM) for the Landscape Sector;

- (c) All landscape operations employees must fall under the pay scale of the PWM as well.
3. To provide further assurance to service buyers, a new criterion will be implemented from January 2019 – landscape companies will need to abide by employment laws as enacted by the Ministry of Manpower (MOM).
  4. All companies listed on the LCR enjoy the benefit of being able to bid for government contracts and are also eligible to apply for NParks' schemes such as the Landscape Productivity Grant. There are currently 273 landscape companies on the LCR.
  5. For further details on the LCR, please visit [www.cuge.com.sg](http://www.cuge.com.sg).