1. Background to FES Group

FES is a family owned group of companies headquartered in Stirling with nine regional offices across the UK. The FES group has a turnover in excess of £200m and has more than 2000 directly employed staff and operatives.

FES has worked with the SFT since its inception originally through the PFI/PPP programme and then more recently within the NPD and HUB initiatives. FES is also currently seeking to work with the SFT and its NDEE framework for reducing carbon and procuring energy efficiency projects within government buildings.

2. SFT Role in securing additional investment

As a firm we have been directly involved in raising additional finance on a number of projects with the SFT, both in terms of Sub-Debt and Senior Debt. This has led to investment into many schools, health facilities and government buildings. Within Appendix 1 at the end of this document, we have listed the projects where we have had an involvement in raising additional finance.

3. SFT Role in securing better value for money and improved public services

The introduction of standard contracts and procedure by the SFT has led to better value for the bidding process and the operation of the facilities procured via NPD. This has also brought closer together the partnerships between public and private sectors which has increased value for money. Examples of where we have seen this includes shared help desk functions and splitting of certain duties between the relevant parties.

With regards to improved public services it is clear to see the improved offerings and better environments created by the investment into these projects. These observations are made in comparison to the facilities that have been replaced throughout this programme.

4. SFT Role in fostering innovations to improve outcomes

We have found the NPD programme allows for innovations to be proposed and assessed during the dialogue phase, which helps to improve outcomes. An example
of this would be the ICT solution proposed on the City of Glasgow College project, we were allowed to present our experience and knowledge of new products that were available in the market. This resulted in our solution for thin client technology to be included within the project which was seen as an all-round success and directly improves outcomes for both the client, City of Glasgow College and the students who are studying there.

5. SFT Role in encouraging collaboration to improve efficiency

Our experience of this would be the working together and collaboration between several public bodies. This can be exhibited by colleges being amalgamated, NHS and local authorities sharing facilities or different local authorities carrying out joint procurement. Examples of these, in order as above, would be the Glasgow College NPD project, the Stirling Care village and the HUB SW bundled schools project.

These initiatives have led to synergies and cost reduction, whether during the procurement phase or the operational phase. This has then led to public bodies operating at less cost and having a more streamlined service.

6. SFT role in securing better outcomes including job creation, training and apprenticeships, environmental sustainability, broader community benefits and digital connectivity

a) Job creation

We have utilised the pipeline of projects created by the SFT together with other project commitments to create many new positions within our group. One example of this is the increase in demand for our prefabricated solution. Our prefabrication service offers an efficient and cost-effective alternative to onsite production and assembly, from our wholly owned prefabrication facility in Stirling. This operation now not only produces for SFT procured projects, but produces similar products across the UK for other clients. Please click the link below to view our prefabrication solution video for Bicester Hospital: http://www.fes.ltd.uk/prefabrication.php

b) Training and apprentices

The FES Group has consistently maintained strong family values with a strong commitment to staff development and our apprenticeship programmes. FES has trained over 600 apprentices since 2002, totalling almost 1400 since the company started in 1963, many of these are still with the company today. As part of FES’s apprenticeship programme, the development of the FES Apprentice Academy, jointly formed and operated in partnership with Forth Valley College (FVC) is an innovation that is unmatched in Scotland. The new Academy was formally opened in 2013 by Keith Brown, Scottish Minister for Transport and Learning. The Academy is unique to Facilities Management and is attended by apprentices across the UK. A video of our
Apprentice Academy Launch can be viewed by clicking the following link: http://www.fes.ltd.uk/fvc-launch-day.php

The key principle of the Human Resources Management (HRM) strategy adopted by FES has been a policy of focussing on the internal development and promotion of staff to minimise external recruitment and maximise opportunities to develop apprentices throughout the Group. This strategy is enhanced by the ability to transfer resources from other companies within the Group to align with the workload fluctuations and market sector demands. An analysis of FES Group staffing and composition has been provided below:

![Graph showing FES Group Turnover](image)

This strategy and ability to invest in apprentices, new courses and new facilities is partly due to the projects becoming available via the SFT procurement programme. The knowledge that this continuity of work through the business will be maintained, allows the business to move forward and offer these apprenticeship opportunities to school leavers.

Wider community benefits initiatives made possible by the projects through the SFT procurement programme include work experience placements, curriculum support activities, N/SVQ training and leadership and management training. Local SME’s and suppliers are utilised on these projects, benefiting the economies within the local vicinity of these projects.

c) Environmental sustainability

As mentioned previously we are currently working towards the SFT’s NDEE National Framework.
Non-Domestic Energy Efficiency (NDEE) - Given the scale of the Scottish public sector estate (over 19 million square metres – equivalent in size to 4,000 football pitches) an opportunity exists for the Scottish public sector to lead by example in facilitating the implementation of energy efficiency across the public sector, to
stimulate the NDEE market and act as a catalyst for retrofit projects across both the public and private sector.

The purpose of SFT’s work in this area is to facilitate access to a NDEE commercial framework, with a range of suppliers that meets the breadth of requirements of the Scottish public sector. This is clearly going to deliver a better outcome for many of Scotland’s public bodies.

Furthermore, during the procurement process of NPD projects and hub projects, there is a requirement to demonstrate environmental sustainability which is evaluated and scored as part of the selection criteria. This allows innovative schemes to be developed and presented and ultimately included within the winning project design.

d) Broader community benefits

The FES Group view community benefits as fundamental to our daily operations and our long-term strategy. Our core family values are reflected in the responsible business practices which lie at the heart of sustainability; principles which help maintain and develop the effective relationships that are fundamental to our collaborative approach to business.

The FES Group has a commitment to invest in communities leaving a legacy of improved amenities, skills and opportunities. We work closely with CITB – ConstructionSkills and utilise their guidance to ensure we maximise opportunities for community engagement within each project undertaken by our business. The pipeline of projects created by the SFT together with other project commitments has enabled us to meet and exceed our community benefits targets to date.

Community engagement initiatives include but are not limited to:

- **Working with local schools**
  Providing work experience placements, career guidance & sponsorship for sporting activities. In 2014 the FES Group provided over 210 work experience placements to local schools and provided over 40 curriculum support activities

- **Charities**
  Providing funding, support & promotion of events throughout the business. In 2014 the FES Group supported more than 30 local charities and provided over £130k in charitable donations.

- **Local businesses, SME’s & social enterprises**
  Providing opportunities for local businesses, SME’s & social enterprises to work with the FES Group, hosting meet the buyer days to encourage local
business to promote their services or products to FES and our service delivery partners. In 2014 the FES Group held 6 meet the buyer events and enlisted over 60 new SME’s and social enterprises onto our supplier database.

The FES Group have engaged in local employment and training initiatives to ensure young people in the areas where we operate have access to the employment opportunities created by our involvement in local projects.

Our focus is on the development of people from all backgrounds and ages throughout the journey towards employment and this has had a long-term positive impact on the lives of people living within local communities. Employment opportunities and work experience placements are offered on our contracts in partnership with many organisations including the following examples:

- **Action for Children**
  Action for Children supports the most vulnerable and neglected children and young people throughout the UK. Our involvement includes offering work placements and mentoring to young adults from disadvantaged backgrounds, providing encouragement and support in building a career and a better life.

- **Youthbuild**
  Youthbuild offers a programme of support and training for 16-24 year olds aiming to overcome specific barriers and allowing them to enter and compete in the employment market. FES works closely with Youthbuild with the sole aim of meeting the training requirements of individuals, eventually assisting them in achieving vocational qualification and employment opportunities.

- **The Bridges Programme**
  The Bridges Programmes support economic migrants, asylum seekers and refugees in gaining employment or bridging the skills gap necessary for their clients to improve their employability potential in the market. FES supports Bridges through mock interviews and placements that promotes inclusion and provides valuable experience for people who may have skills or experience in other countries in finding opportunities to flourish in Scotland.

Between these three initiatives alone, FES has created over 70 permanent employment opportunities. These opportunities include working on high profile projects such as the City of Glasgow College, NISA Velodrome, SECC Hydro Arena and several NPD projects procured through the various HUB programme.

e) **Digital connectivity**
We have not had direct experience or involvement with the SFT on Digital Connectivity and therefore are unable to offer comment.

### Appendix 1

<table>
<thead>
<tr>
<th>Project</th>
<th>Finance Raised</th>
<th>Scope:</th>
<th>Names of Lenders:</th>
<th>Type of Finance:</th>
<th>Date of Financial Close:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forfar Community Campus</td>
<td>£45m</td>
<td>New Community Campus</td>
<td>Aviva</td>
<td>Bank Debt &amp; Equity</td>
<td>14/04/15</td>
</tr>
<tr>
<td>Levenmouth High School</td>
<td>£30m</td>
<td>New High School</td>
<td>Aviva</td>
<td>Bank Debt &amp; Equity</td>
<td>22/12/14</td>
</tr>
<tr>
<td>City of Glasgow College with Sir Robert McAlpine Capital Ventures</td>
<td>£199m</td>
<td>New Build College &amp; Student Residential Accommodation</td>
<td>EIB, KFW, HELABA</td>
<td>Bank Debt &amp; Equity</td>
<td>01/08/13</td>
</tr>
<tr>
<td>Inverclyde Schools</td>
<td>£90m</td>
<td>New Primary &amp; Secondary Schools</td>
<td>Barclays, Co-op, SMBC</td>
<td>Bank Debt &amp; Equity</td>
<td>24/10/08</td>
</tr>
<tr>
<td>Falkirk Schools 2</td>
<td>£135m</td>
<td>New Secondary Schools</td>
<td>RBS led Syndicate</td>
<td>Bank Debt &amp; Equity</td>
<td>18/05/07</td>
</tr>
<tr>
<td>Stirling Schools</td>
<td>£90m</td>
<td>New Refurbishment of Secondary Schools</td>
<td>RBS led Syndicate</td>
<td>Bank Debt &amp; Equity</td>
<td>21/04/06</td>
</tr>
<tr>
<td>Fife Schools 2</td>
<td>£55m</td>
<td>New Primary Schools</td>
<td>HBOS</td>
<td>Bank Debt &amp; Equity</td>
<td>22/12/05</td>
</tr>
<tr>
<td>Crosshouse Hospital</td>
<td>£20m</td>
<td>New Maternity Unit, Crosshouse Hospital</td>
<td>Allied Irish Bank</td>
<td>Bank Debt &amp; Equity</td>
<td>06/10/04</td>
</tr>
<tr>
<td>East Lothian Schools</td>
<td>£40m</td>
<td>Schools Refurbishment</td>
<td>Lloyds</td>
<td>Bank Debt &amp; Equity</td>
<td>22/12/01</td>
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