

Central Bedfordshire Council

Executive

4th December 2018

Procurement of Facilities Management Contracts

Report of: Cllr Eugene Ghent, Executive Member for Assets and Housing (eugene.ghent@centralbedfordshire.gov.uk)

Responsible Director(s): Marcel Coiffait, Director of Community Services (marcel.coiffait@centralbedfordshire.gov.uk)

This report relates to a decision that is Key

Purpose of this report

1. The report proposes that the Executive authorise the procurement of Facilities Management Contracts.
2. The report also proposes that the Executive delegates authority to the Director of Community Services, in consultation with the Executive Member for Assets and Housing Delivery, to award the Facilities Management Contracts.

RECOMMENDATIONS

The Executive is asked to:

1. **approve the procurement of Facilities Management contracts; and**
2. **grant delegated authority to the Director of Community Services, in consultation with Executive Member for Assets and Housing Delivery, to award the Facilities Management contracts.**

Overview and Scrutiny Comments/Recommendations

3. Agreed with Chair of Corporate Resources Overview and Scrutiny that it was not to be considered by that Committee.

Issues

4. The Facilities Management Team, part of the Assets Service in the Community Services Directorate is responsible for maintaining and operating the Corporate Estate that is currently centrally managed on behalf of service areas and the wider Council. The team also provide services to many schools that voluntarily buy back council services using their delegated budget.
5. They manage a range of functions, including: Statutory building maintenance, asset compliance, responsive repairs, planned and cyclical maintenance, minor capital projects, cleaning, caretaking, security, catering, confidential waste, reception and portorage amongst others.
6. The service is set up as an “intelligent client” function and the majority of its duties and services are delivered through the supply chain, using external contractors and service providers. It is responsible for some 60+ core buildings, plus a number of other assets and services on behalf of client departments and schools. Annual spend through the supply chain is approximately £6.6M.
7. In addition, there are Facilities Management activities taking place in directorates to support specific service activities.
8. The council currently has over 100 provider contracts for Facilities Management, with many expiring shortly.
9. Central Bedfordshire Council is in the process of implementing a “Corporate Landlord”, placing responsibility for assets sitting within a single integrated team, enabling front-line staff to focus on their core areas of service delivery.
10. This approach has been proven to improve quality of service, compliance and customer satisfaction, and is planned to deliver c£0.3M of new efficiencies.
11. As part of the move towards a Corporate Landlord, and the centralisation of spend, contracts for the delivery of Facilities Management Services need to be re-procured.

The key objectives of the re-procurement are to:

- a) Improve the quality of service delivery
- b) Improve Commercial Controls
- c) Gain efficiencies and savings through the recommission of works
- d) Support the move to Corporate Landlord
- e) Improve compliance across the estate
- f) Ensure contracts are fit for purpose, sustainable and flexible
- g) A shift away from transactional, to long term supplier relationships
- h) An improvement in the social value delivered through the contracts
- i) Supporting SME's and the local economy
- j) Use innovative approaches to improve and sustain value

Approach to Procurement

12. The intention is to rationalise the number of contracts to allow more time to be invested in developing supplier relationships to improve value and quality of services delivered.
13. The requirements are split into three key areas – Hard Services, Soft Services and Minor Projects which each having a number of sub-lots.
14. The lots and associated annual values are shown below:

Service	Lot	Value (Annual)	Value (7 Years)
Hard FM	M&E up to £5k	£350K	£2.45M
Hard FM	Gen Build up to £5k	£350K	£2.45M
Hard FM	Compliance Testing	£250K	£1.75M
Hard FM	Emergency Repairs	£50K	£350K
Minor Works	Minor Projects £5k+	£4M	£28M
Soft FM	Core FM	£1.5M	£10.5M
Soft FM	Documents & Archives	£50K	£350K
Soft FM	Gritting & Winter Maint	£50K	£350K
<u>Total</u>		<u>£6.6M</u>	<u>£46.2M</u>

15. The majority of the spend in the above table is for maintaining and operating the Corporate Estate that is already centrally managed, with some further specific spends that have already agreed to be centralised including corporate alarm service contracts and some building maintenance items.
16. Work is ongoing to refine further spend areas and budgets to be centralised under Corporate Landlord prior to the Invitation To Tender (ITT) going to market in December 2018.
17. All the new contracts will have provision for increasing spend through them with associated mechanics to improve value for money based on economies of scale e.g. School Buy Back.
18. Procurement will be conducted through an Official Journal of the European Union (OJEU) compliant “Open” process with Hard and Soft services using a Measured Term Contract and Minor Projects being a Framework/Call off agreement.

19. Contractors will be able, and encouraged, to bid for multiple lots – this will result in the Council having between 2 and 8 core contractors. The preference is to consolidate suppliers down to 2-3, unless it is economically advantageous to have more. The procurement process will favor those contractors that bid for multiple lots, but will not mandate it, to ensure that the procurement is as inclusive as possible and does not preclude SME's.
20. Robust market engagement is being undertaken, including issue of a Prior Information Notice (PIN) and supplier engagement events, taking a highly commercial best practice approach to procurement of these contracts. The lot and structure of the contracts may change following meaningful consultation with the market, but the principles will remain the same.
21. Subject to market engagement, the contracts will be awarded for a period of 7 years, with the option to extend up to a further 3 years. This is to enable long term working relationships to be built up.

Innovative Principles

22. Partnership Fund – the contract will feature a “partnership fund”, an alternative take on traditional compensation events and penalty clauses. The idea has been well received by the market and internal procurement team. Contractors essentially have to issue the council a “credit note”, when KPI's are not achieved, this fund can then be spent against council priorities across the corporate estate.
23. Industry Best Practice – this procurement will build on best practice from both private and public sectors in the UK, using industry standards and approaches that have been evidenced to work. Using standardised approaches like this reduced uncertainty for both customer and contractor. For example, using the National Schedule of Rates – NSR, to price works, SFG20 as the technical specification for compliance activities, standard form of contract such as New Engineering Contract - NEC or Joint Contracts Tribunal, - JCT and an Integrated Workplace Management System (Facilities Management Software).
24. Continuous Improvement – there are multiple measures, controls and KPI's relating to improving performance overtime, to ensure that the procurement is good value and fit for purpose initially, but more importantly, that it doesn't leak value or reduce quality overtime.
25. Business Intelligence – intelligent data and analysis will be a core part of this approach and will help the council manage and improve its estate in an efficient, effective and sustainable way. We will be asking suppliers to supply smart data, allowing us to tailor our maintenance regimes in a more proactive, and preventative way.

26. Digital by design – the sector and the Council are both on journeys to digitalisation and this will grow and evolve significantly over the 7 year life of this contract. The ability to build in new and innovative technology is key, including internet of things and artificial intelligence, as well as more routine tech such as repetitive process automation and application interfaces.
27. Co-production and Partnership Working – the approach to procurement recognises that we need to work in partnership with the market and build up long term, sustainable relationships, and move away from transactional type arrangements. All parties will be expected to invest in the partnership to improve outcomes.
28. Social Value – a contract worth over £6M a year, with a large portion of the spend relating to local labour, has the potential to be a catalyst for social value. Social value is being built in as a core part of this contract and approach and not an afterthought.
29. Small and Medium-sized Enterprises (SME) – the procurement process is designed to be as open and inclusive of SME's as possible, including the lotting of packages into manageable sizes for SME's, and the Council will be hosting a range of workshops and briefings to assist SME's (and other bidders) in the procurement process, working in partnership with CBC's Investment and Employment Service and Procurement teams.

Reason/s for decision

30. To re-procure the Facilities Management contracts to support implementation of Corporate Landlord for the 1st of April 2019.

Council Priorities

This re-procurement supports the following Council's priorities:

31. A more efficient and responsive Council by improving the quality of service, levels of compliance and customer satisfaction; and by delivering c£0.3M of new financial efficiencies.

Corporate Implications

Legal Implications

32. LGSS Law have considered the proposed procurement and have no reservation as to the procurement or value or method proposed (open OJEU). There may be better value for the authority, in terms of contractor relationship and or rates, if the minor works lot is procured as a separate framework. This is an alternative which can be considered but is not a bar on the current suggested procurement.

Financial and Risk Implications

33. Implementation costs of Corporate Landlord, which include this procurement activity, is funded through the Council's Transformation Reserves.

34. The current MTFP identified £55K of efficiencies in 19/20 through retendering of all Facilities Management contracts and £60K in 19/20 through the corporate landlord model.
35. The proposed MTFP includes additional £274K over the life of the MTFP in relation to the Corporate Landlord model which includes retendering of FM contracts.

Equalities Implications

36. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
37. The Facilities Management Team are working with the Community Intelligence Manager to ensure that specific equality considerations are built into the procurement process.

Conclusion and next Steps

38. The conclusion of the report is to recommend that Executive approve the procurement of Facilities Management contracts as outlined in this paper, and to avoid any impact on implementing Corporate Landlord on the 1st April 2019 that delegated authority is granted to award the contracts.
39. Subject to Executive approval the next steps are set out below:

Activity	Date
Issue ITT	10 th December 2018
Close ITT	14 th January 2019
End of interviews/Clarifications	28 th January 2019
Evaluate Responses	1 st February 2019
Standstill & Award	11 th February 2019
Mobilisation	February 2019
Contracts go live	1 st April 2019

Background Papers

None

Report author(s): Gavin Coombs

Head of Facilities Management

Gavin.Coombs@centralbedfordshire.gov.uk