

**From:** Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
Rebecca Spore, Director of Infrastructure

**To:** Policy and Resources Cabinet Committee - 9<sup>th</sup> November 2021

**Decision No:** N/A

**Subject:** Facilities Management Procurement Update

**Classification:** Unrestricted

**Past Pathway of Paper:** Policy and Resources Cabinet Committee, 20<sup>th</sup> March 2020  
Policy and Resources Cabinet Committee, 29<sup>th</sup> July 2020  
Policy and Resources Cabinet Committee, 14<sup>th</sup> January 2021

**Future Pathway of Paper:** None

**Electoral Division:** All

**Summary:** This paper seeks to update the **Policy and Resources Cabinet Committee** on progress regarding the Facilities Management re-procurement.

**Recommendations:** The **Policy and Resources Cabinet Committee** is asked to note progress.

## 1. Background

- 1.1. The Council currently commissions Total Facilities Management (TFM) services with two providers, Amey and Skanska, for the KCC corporate landlord estate, and some statutory compliance for schools, which are the responsibility of Kent County Council (KCC). The Council also makes available waste services, cleaning, and catering services to schools through separate contracts, which are not part of the TFM service.
- 1.2. The current TFM contracts have been extended to 31<sup>st</sup> October 2022, with the option to break from May 2022. The extension was agreed to support service continuity and to allow the market to re-establish itself following the COVID-19 pandemic and allow time for the re-procurement of the Facilities Management (FM) contract to progress.
- 1.3. As set out in the report, presented to the Policy and Resources Cabinet Committee on 29<sup>th</sup> July 2020, the delivery model chosen was to procure one countywide hard FM contract (including statutory compliance, planned preventative maintenance, project services, helpdesk, handypersons, landscaping, and ground maintenance services) and multiple countywide soft FM contracts (including cleaning, catering, waste, feminine hygiene, pest control, reception, and Security services).

- 1.4. A progress update on the hard services procurement was provided to the Policy and Resources Cabinet Committee on Thursday 14th January 2021. This confirmed market engagement, continued development of the tender documentation and preparation of the supplier qualification documents, for shortlisting suppliers for the tender stage.
- 1.5. The current Total Facilities Management (TFM) contracts with Skanska (West and East Kent) and Amey (Mid Kent) expire in October 2022. The contracts have been in place since October 2014 and have been extended by an additional one year from the initial term of seven years (five years with a two-year extension) to give a total term of eight years.
- 1.6. KCC needs to procure these services to ensure that the Council can continue to safely occupy its buildings post October 2022. Other delivery options have been considered which include:
  - 1.6.1 Continuing with a TFM model split by geographic area.
  - 1.6.2 Different combinations of disaggregated contracts.
  - 1.6.3 In-sourcing the provision.
- 1.7. These options have been explored and discussed in detail at the Policy and Resources Cabinet Committee who endorsed the procurement of the proposed option to appoint a Hard Facilities Services Provider and a series of Soft Services Facilities Management providers.
- 1.8. The new facilities management model will include the following contracts:
  - 1.8.1 Hard Services - one countywide provider for maintenance and helpdesk services for schools and corporate estate (all property across the Council is held as part of the Corporate Landlord).
  - 1.8.2 Catering - one countywide provider for catering, hospitality, water coolers and vending for corporate estate and two countywide providers for catering for schools.
  - 1.8.3 Security - one or more countywide provider(s) for manned guarding, key holdings, patrols and vacant sites.
  - 1.8.4 Cleaning and Feminine Hygiene - one countywide provider for schools and corporate estate.
  - 1.8.5 Waste - one countywide provider for corporate estate and schools.
  - 1.8.6 Pest Control - one countywide provider for corporate landlord.
  - 1.8.7 Soft Landscaping - one countywide provider for Corporate Landlord.
- 1.9. The new contracts will start in November 2022, to align with the commencement of the Hard FM Services Contract. The mobilisation periods are dependent on the complexity of the service but will generally start between May and August 2022. The procurement programmes will vary dependent upon the procurement route. The first and longest procurement relates to the Hard FM contract followed by the Soft Services.

## **2. Update on hard services progress and activity**

### **2.1. Selection Questionnaire**

2.1.1. The value of the hard service contract procurement is above the Official Journal of the European Union (OJEU) threshold and therefore needs to be procured and advertised in accordance with the Public Contract Regulations (PCR) 2015. Following a period of supplier engagement and soft market testing a supplier selection questionnaire (SQ), along with draft tender and contract documentation was published on 29th March 2021. The questionnaire included mandatory and project specific questions. The questions were split into mandatory (pass/fail) and project specific which included:

- Technical & Professional Ability
  - Maintenance Services (three case studies)
  - Supply Chain Sub-contracting
  - Environmental Services
  - Health and Safety
  - Minor works projects
- Professional Capacity
  - Technology and Innovation
  - Partnering and Collaboration
  - Social Value

2.1.2. There was a strong market response to the procurement with twelve bidders submitting a formal return. This questionnaire was scored in accordance with the evaluation criteria and suppliers were ranked highest to lowest, with the top three suppliers taken through to tender stage. Suppliers were advised of their success or otherwise and given feedback on their submissions. The three successful suppliers all confirmed their continued interest in this tender opportunity.

### **2.2. The Tender Process**

2.2.1. The tender documentation was issued to the three bidders in accordance with the programme, on 9<sup>th</sup> July 2021. There were a number of bidder clarification meetings and questions which were responded to. Tenders were returned on 24<sup>th</sup> September 2021, for evaluation of both quality and price. The quality questions required suppliers to demonstrate how they will deliver against the requirements set out in the specification and contract. The quality questions have been weighted and once scored, the price is divided by the suppliers overall quality score, providing a “price per quality point” (PPQP), which ensures that quality is a strong contribution to the evaluation model, the lower the PPQP the better value for money.

2.2.2. The Suppliers will be ranked in order of PPQP and the supplier with lowest PPQP will be recommended to be awarded the contract.

## 2.3. Next stages

- 2.3.1. Once the tender documentation has been evaluated and the price analysed, it is likely that there will be a second tender stage which may reduce the number of bidders to two. During this stage there will be a period of negotiation/clarification, to ensure that the delivery plans, price, and risk profile meet KCC's requirements.
- 2.3.2. The below table sets out a high-level indicative timeline, with key dates, decision and update points for the Policy and Resources Cabinet Committee, as part of the proposed contract award.

<b>Timeline</b>	
<b>Activity</b>	<b>Date</b>
Tender Evaluation, recommendation and down selection/ shortlisting if appropriate.	27 <sup>th</sup> September 2021 - 3 <sup>rd</sup> December 2021
Authority to determine whether to make an award or move to negotiations. If the latter occurs, the following indicative timetable will apply.	
Final tender period.	6 <sup>th</sup> December 2021 - 4 <sup>th</sup> February 2022
Decision for hard and soft contracts and delegation of authority for entering Contracts.	January 2022
Final tender evaluation, recommendation, approvals, contract award and standstill period.	7 <sup>th</sup> February 2022 - 31 <sup>st</sup> March 2022
Policy and Resources Cabinet Committee update on award.	March 2022
Mobilisation Period (7 months)	1 <sup>st</sup> April - 31 <sup>st</sup> October 2022
Contract commencement	1 <sup>st</sup> November 2022

*Please note this programme assumes no new delays as a result of further COVID-19 issues.*

## 3. Update on soft services progress and activity

### 3.1. Progress

- 3.1.1. There are a number of different soft service procurement workstreams, the main ones being:
- Cleaning
  - Security
  - Waste
  - Soft Landscaping
  - Catering
- 3.1.2. Other services such as mail, portage and pest control will be delivered by the KCC team or in a different way, such as using technology solutions.
- 3.1.3. The development of the specifications and tender is underway, which will align to the hard services documentation and include an interface agreement to promote collaboration between suppliers of different services. The Hard

Services Contract includes a helpdesk, which will be used for reporting soft service calls, to enable stakeholders to have one point of contact for FM issues.

### 3.2. Programme

3.2.1 The soft services procurements all have their own programmes, which align with the expiry of the existing TFM contract on 31st October 2022. Development of the soft services commercial cases and specifications has commenced, and procurement routes are being finalised.

### 3.3. The Tender Process

3.3.1 The contracts will be different for each service-line but will be aligned to the Hard Services Contract and include an Interface Agreement to ensure that the services are coordinated, and suppliers collaborate.

## 4. Contract Management

4.1. In parallel with the procurement workstream a review of the structure of the Facilities Management Team continues, with a view to aligning the Management Team with the new contract structure and to ensure skills within the services meet the needs of the contracts in place. This structure will need to be within the available budgets, although there may be a requirement to move costs from the TFM Contract to the KCC staffing budget, to keep the expenditure in-line with available funding.

4.2. Robust contract management will be required to hold providers to account in conjunction with clear performance indicators. The performance indicator model for hard services has been developed alongside a reduction in the number of performance indicators, to focus on key areas. This includes a ratchet and earn back ability which is a system that allows for continued poor performance to be penalised to further incentivise the contractor.

## 5. Recommendation(s)

### Recommendation(s):

The **Policy and Resources Cabinet Committee** is asked to **note** progress.

## 6. Background Documents

None.

## 7. Contact details

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