

From: Rebecca Spore, Director of Infrastructure

To: Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Decision No: 21/00068

Subject: Implementing a new Facilities Management Model

Classification: Unrestricted with Exempt Appendix B – not for publication. Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, refers.

Future Pathway of Paper: Member decision.

Electoral Division: All

Summary:

This paper seeks to update the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, on the progress regarding the Facilities Management Re-Procurement.

Recommendations:

The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services is asked to consider the proposed decision to agree to:

- 1) the adoption and implementation of a new Facilities Management Model, with one Hard FM services contract and series of Soft Services Contracts as set out within the exempt report.
- 2) to delegate authority to the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to finalise, agree, award and enter into contracts following the procurement process to deliver the new Facilities Management (FM) Model.

1. Background

- 1.1. The Council currently commissions Total Facilities Management (TFM) services with two providers, Amey and Skanska, for the Kent County Council (KCC) corporate landlord estate, and some statutory compliance for schools, which are the responsibility of 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 Total Facilities Management (TFM) contracts with Skanska (West and East Kent) and Amey (Mid Kent) expire on the 31 October 2022. The contracts have been in place since October 2014 and an extension was agreed in December 2020 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. This extension provides 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.

1.3. The FM Services under the new contracts need to commence on the 1 November 2022, with a mobilisation period, dependent on the complexity of the service, commencing between May and August 2022.

1.4. A progress update on the hard services procurement was provided to the Policy and Resources Cabinet Committee on 14 January 2021. This confirmed market engagement, continued development of the tender documentation and preparation of the supplier qualification (SQ) documents, for shortlisting suppliers for the tender stage. A further update was provided to the Policy and Resources Cabinet Committee on 9 November 2021. This confirmed that the SQ had been completed and bidders shortlisted for Hard FM and that the tender process was progressing and included an update on the soft FM procurement programme and contract management.

2. Options

2.1. A range of options were previously presented to the Policy and Resources Cabinet Committee who endorsed the procurement to establish a new FM model to appoint a Hard Facilities Services Provider and a series of Soft Services Facilities Management providers.

2.2. The new facilities management model will include the following contracts:

- 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).
- Security - one countywide provider for manned guarding, key holdings, patrols and vacant sites.
- Cleaning and Feminine Hygiene - one countywide provider for schools and one for the corporate estate.
- Waste - one countywide provider for corporate estate and schools.
- Soft Landscaping and Pest Control - one countywide provider for Corporate Landlord.

3. Update on Hard Services

3.1 Procurement - The Tender Process

3.1.2 The tender documentation was issued to three bidders in accordance with the programme, on the 9 July 2021. There were several bidder clarification meetings and questions which were responded to. Tenders were returned on the 24 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 were weighted and scored in accordance with the pre-determined scoring system. Once the scores were moderated and agreed the price was 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.

- 3.1.3 The suppliers with compliant bids were ranked in order of PPQP and the supplier with the lowest PPQP would be recommended to be awarded the contract.
- 3.1.4 A detailed evaluation process took place which considered quality, commercial and price criteria. The detail of the tender evaluation process and bidders is set out in in the exempt Appendix B.
- 3.1.5 All three shortlisted bidders were all capable of delivering the contractual requirements. Self-delivery was encouraged, and the bidders confirmed that no sub-contractor will be larger than 20% of their turnover. There were specific requirements within the contract regarding social value, carbon net zero and other environmental considerations and all bidders met the requirements of the contract.
- 3.1.6 A further deselection of bidders following the SQ submissions took place with final bids required to be submitted on the 4 March 2022. Following a further evaluation, it is proposed that the Council will award the Contract.

3.2 Key features of the Contract

3.2.1 Performance Model

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 to further incentivise the supplier. Further details on the performance model and the Performance Indicators are included at Appendix C.

3.2.2 Social Value

Social value was included as part of the quality submission and was evaluated by members of the Commissioning Standards Team.

3.3 Next steps

- 3.3.1 Following the receipt of final proposals and consideration of these in accordance with the procurement process, a successful bidder will be appointed. Ten days will need to lapse for standstill and following this the preferred bidder will then enter into contract and the mobilisation period will commence.
- 3.3.2 The below table sets out a high-level indicative timeline, with key dates as part of the proposed contract award for Hard FM services.

Activity	Date
Policy and Resources Cabinet Committee	24 th March 2022
Key Decision	7 th April 2022
Issue Intent Award letters	11 th April 2022
Notification of Award issued	22 nd April 2022
Contract signature	14 th May 2022
Contract Award notice published	30 th May 2022
Mobilisation Period (5.5 months)	17 th May - 31 st October 2022

4. Update on soft services

4.1. Progress Overview

4.1.1. There are several different soft service procurement workstreams, the main ones being:

- Cleaning
- Security
- Waste
- Soft Landscaping and Pest Control

4.1.2. Other services such as reception, mail and portering will be delivered by the KCC team or in a different way, such as using technology solutions.

4.1.3. The contracts will be different for each service-line but will be aligned to the Hard FM contract and include an interface agreement to ensure that the services are coordinated, and suppliers collaborate.

4.1.4. Each of the contracts will require social value, environmental targets, reporting and Key Performance Indicators (KPI's), using a similar model to the Hard FM contract. The Hard FM helpdesk will triage all calls and will be used for reporting soft service calls, to enable stakeholders to have one point of contact for FM issues.

4.1.5. The contracts are being supported by external technical and legal advisors who will ensure that each of the soft FM contracts are aligned to the hard FM contract.

4.1.6. The soft FM contracts for waste and cleaning are using the Kent Commercial Services framework terms and conditions with amendments, which include more robust performance and contract management. The security contract will be based on the Crown Commercial Services (CCS) framework contract with some bespoke amendments.

4.2 Waste – Schools and Corporate

4.2.1 This is being procured under Kent Commercial Services (KCS) General Waste and Recycling framework There are three suppliers on this framework who have all been invited to tender. These are:

- **Biffa PLC**
- **Countrystyle Recycling Limited**
- **SUEZ Recycling & Recovery UK Ltd**

4.2.2 All the above tenderers have the capacity to deliver the required services across the whole estate by incorporation into their wider collection rounds, which optimises service efficiencies. These services are being tendered as a single service with a phased mobilisation of:

- Phase 1 (Schools), commencing on the 1 August 2022; and
- Phase 2 (Corporate Landlord), commencing in November 2022.

4.2.3 The high-level waste programme is shown in the table below:

Activity	Date
Tender return	14 th March 2022
Evaluation and moderation period	15 th March-1 st April 2022
Approval to award by	8 th April 2022
Award contract	20 th April 2022
Mobilisation - Phase 1 (Schools)	1 st June–31 st July 2022
Contract start (Schools)	1 st August 2022
Mobilisation - Phase 2 (Corporate)	1 st August–31 st October 2022
Service commencement (Corporate)	1 st November 2022

4.3. Cleaning – Corporate

4.3.1 This contract is for corporate landlord only and will be tendered using the KCS Cleaning Services Framework.

4.3.2 There are currently 6 suppliers on this Framework, including Seeclear Facilities Southeast Limited, and Churchill Contract Services Limited who currently provide services to KCC for either schools or corporate landlord sites. The remaining suppliers on the framework who are not currently providing services include Just Ask Estate Services, Chequers Contract Services, EcoCleen Services Limited and Grade One Commercial Cleaning Services Ltd.

4.3.3 The procurement including development of tender documentation is currently on programme to achieve the start date of 1 August 2022 for schools and 1 November 2022 for corporate landlord.

4.3.4 This contract will be based on the KCS standard Call Off Conditions with KCC amendments to ensure it meets the requirements and integrates with the Hard FM contract terms.

4.3.5 The high-level cleaning programme is shown in the table below:

Activity	Date
Invitation to Tender (ITT) Publication	7 th March 2022
ITT Return	2 nd May 2022
Contract award by	4 th July 2022
Mobilisation	4 th July 2022-31 st October 2022
Service Commencement	1st November 2022

4.4. Security – Corporate

4.4.1 Security provision is for the corporate landlord estate only and will be procured using the CCS Workplace Services Framework. The security requirements include manned guarding, key holdings, locking and unlocking and security at vacant sites.

- 4.4.2 There are 10 suppliers on the CCS framework security lot including:- Atalian Servest Security Limited, Carlisle Security Services Limited, CIS Security Limited, Corps of Commissionaires Mgt. Ltd, I.C.T.S (UK) Limited, ISS Facilities Limited, Kingdom Services Group Ltd., Mitie Ltd., and Profile Securities Limited.
- 4.4.3 The commercial strategy has been approved and the tender is due to be issued on the 21 March 2022.
- 4.4.4 Development of the terms and conditions and supporting documentation has commenced and is on track to meet our target date for completion.
- 4.4.5 The Terms and Conditions to support this contract will be based on CCS own call off terms. These have been reviewed and cover the requirements of the service with some amendments where required, to ensure consistency across all the FM services.
- 4.4.6 The high-level security programme is shown in the table below:

Activity	Date
ITT Publication	21 st March 2022
ITT Return	9 th May 2022
Contract award by	30 th August 2022
Mobilisation	30 th August 2022-31 st October 2022
Service Commencement	1st November 2022

4.5 Landscape and Pest Control Services

- 4.5.1 This contract will be direct award to Landscape Services Ltd under the public tender regulations and the 'Teckal' ruling.
- 4.5.2 The Commercial Strategy has been approved and the contract documentation will be developed in collaboration with the Landscape Services team. These will be modelled on what has been used for the Waste and Cleaning contracts to ensure quality and robust contract management regimes including KPIs.
- 4.5.3 The high-level landscape and pest control programme is shown in the table below:

Activity	Date
Invitation to Quote (ITQ) Dispatch	2 nd May 2022
ITQ Return	2 nd June 2022
Contract award by	18 th August 2022
Mobilisation Phase	18 th August-31 st October
Service Commencement	1st November 2022

5. Contract Management

- 5.1. In parallel with the procurement workstream a review of the structure of the Facilities Management Team continues, with a view to aligning the team with the new contract structure and to ensure skills within the services meet the needs of the contracts in place. There may be a requirement to move costs

from the TFM Contract to the KCC staffing budget, to keep the expenditure in-line with current service provision.

- 5.2 The services provided directly through the Facilities Management team will increase due to the nature of the service delivery required, for example, due to new model of hybrid working arrangements within the offices. These services may include but are not limited to: -
- Post room and courier services
 - Porterage
 - Reception / front of house
- 5.3 This particular in-house management and service provision will allow the FM Team to drive the standards, having a hands-on approach.
- 5.4 The FM service does not currently include the provision of a traditional catering solution, and this will be procured separately.
- 5.5 Robust contract management will be required to hold providers to account in conjunction with clear performance indicators that form part of each contract tendered.
- 5.6 The emphasis of these contracts is to provide a contractual service that meets the needs of KCC services whilst supporting KCC's strategic approach and future vision. Contractors will work in partnership with KCC and have opportunities for "Gain Share" activities within the estate supporting KCC commitments such as its carbon net zero targets.
- 5.7 A clear interface agreement will be established to ensure that the Hard and Soft FM providers collaborate to ensure a smooth transfer of information and service delivery. This is vital to the operation of the single help desk function.
- 5.8 A single help desk will be operated via the Hard FM provider to ensure that the KCC stakeholders have a single point of contact. Calls will be "passed through" / triaged to the soft FM providers via the help desk within specified time frames measured by the performance and reporting models. This will also allow the FM Team to monitor service provision through a single point, ensuring standards are maintained across the estate.

6. Finance

- 6.1 The current budget includes a provision of £17.4 million for the delivery of Corporate Landlord Total Facilities Management services and Schools statutory testing services, which are included under the scope of the current TFM contracts. 58% of the cost is currently apportioned to services which will be reprocured under the new Hard FM contract. The exempt appendix sets out further the financial considerations.
- 6.2 It should be noted that the new model is based on a minimum specification with some cleaning enhancements over and above those that are provided for in the current contract. There is therefore limited scope to reduce the specification. It is expected that the costs of the contracts will change as the nature of the

estate changes over time. Both volume and service change mechanisms are built into the contract management schedules for these contracts to ensure that our future partners can respond to the needs of the Council.

7. Equalities and Data Protection Implications

- 7.1 An Equalities Impact Assessment has been carried out and no adverse impact has been identified.
- 7.2 A Data Protection Impact Assessment was completed in March 2020 and has been updated. Appropriate steps have been taken to ensure that personal data is handled correctly.

8. Governance

- 8.1 External legal and technical advice has been provided to ensure that the contract is robust and protects KCCs position. The external legal team advice has also included procurement regulations and GDPR.
- 8.2 Regular updates have also been provided to Finance and the Office of the General Counsel at Property Procurement Board meetings.

9 Conclusion

- 9.1 The procurement process for the establishment of the new FM model, as endorsed by the Policy and Resources Cabinet Committee is making good progress. The Hard FM contracts are now nearing conclusion with the Soft FM contract procurement process commencing. The internal management arrangements are being developed alongside the procurement activity, which will be essential as part of any new model.

10. Recommendations

Recommendation(s):

The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services is asked to consider the proposed decision to agree to:

1) the adoption and implementation of a new Facilities Management Model, with one Hard FM services contract and series of Soft Services Contracts as set out within the exempt report.

2) to delegate authority to the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to finalise, agree, award and enter into contracts following the procurement process to deliver the new Facilities Management (FM) Model.

11. Background Documents

- Policy and Resources Cabinet Committee, 20 March 2020
- Policy and Resources Cabinet Committee, 29 July 2020
- Policy and Resources Cabinet Committee, 14 January 2021
- Policy and Resources Cabinet Committee, 9 November 2021

12. Appendices

- Appendix A - Proposed Record of Decision
- EXEMPT Appendix B – Tender Evaluation and Bidders Report
- Appendix C – Key Performance Indicators

13. Contact details

Report Author: Karen Ripley FM Programme Manager Telephone: 03000 413457 E-mail: karen.ripley@kent.gov.uk	Relevant Director: Rebecca Spore Director of Infrastructure Telephone: 03000 416716 E-mail: rebecca.spore@kent.gov.uk
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------