

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 – 20th March 2020

Subject: **Facilities Management Procurement**

Classification: **Unrestricted**

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Division: All

Summary: This paper updates members on progress with the Facilities Management re-procurement and the future programme of procurement activities.

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

1. Background

1.1 The council currently have three Total Facilities Management contracts with two providers delivering the Councils Facilities Management Services. The initial five-year term of the TFM Contracts has been extended to October 2021 in line with the contractual provisions. During this time replacement service providers need to be procured and mobilised to provide a smooth transition period.

2. FM Future Service Delivery Options

2.1 The current procurement options under consideration have been presented to the Policy and Resources Cabinet Committee previously with either a bundled hard and soft services or a TFM contract(s) model shortlisted to be explored further through the market engagement phase of the project.

2.2 The two models can be summarised as:

- **TFM Delivery** –a single contractor provides all FM services either directly or through sub-contractors. There are options for a single provider or for the county to be split into geographical areas. The TFM model enables less complex management and coordination with a single point of contact and the provider managing the interface between different FM services.

- **Bundled FM Services** – FM services delivered through a limited number of specialist contractors, with services split by broad types e.g. “Hard FM” – maintenance and repairs etc. and “Soft FM” – cleaning, security, office support etc. Grounds Maintenance could fit into either bundle. Each bundle is delivered county-wide and not split by region but with a single helpdesk operating across the county. The coordination and integration of service delivery is more challenging amongst multiple providers.

2.3 The service will be directly managed by KCC from April 2020. In parallel with this procurement, the management structure and processes are being reviewed and a Service Improvement Plan is being implemented. The staff structure and FM Management Team will be aligned to the delivery model chosen to ensure that the resources are in place to manage the contract effectively.

3. Recent Progress

- 3.1 During the last few months there have been a number of procurement activities that have taken place as part of Market Engagement phase of the programme. A PIN notice was published and advertised via the Kent Business Portal inviting potential providers to a supplier day on 13th February 2020 held at Oakwood House.
- 3.2 The supplier day was attended by approximately 40 organisations. KCC gave a short presentation on the opportunity, the programme and the procurement strategy. Following the presentation, one to one meetings of 45 minutes were held with suppliers to give them the opportunity to meet with KCC Officers and give some initial feedback and provide the opportunity for suppliers to ask questions.
- 3.3 The general comments on the supplier day were positive noting that it provided useful information, gave an understanding of the scope and scale of the opportunity and the engagement with the market was encouraging. The profile of the attendees ranged from small local Kent companies who were attending to become part of the supply chain of larger suppliers to large experienced organisations (including the incumbent providers) who were capable of bidding for either of the options, There were some organisations that did not attend that we hoped would be able to come but we do not have any feedback as to the lack of attendance although it could be that they did not see the OJEU PIN or the Kent Business Portal notification. By holding the bidder day and issuing the questionnaire the profile of this opportunity will be raised in the market which will increase the interest and number of potential bidders. More

specific feedback from suppliers at the one to one meeting produced a number of key themes which are summarised below:

- KPIs - Suppliers commented that there should not be too many KPIs, they should be proportionate to the value of the contract, be fair, provide an opportunity to earn back and balance “blame and accountability”. Many were keen to explore risk and reward sharing mechanisms
- Collaboration - To get true collaboration and enable investment by the suppliers it was felt that the contract term should be a minimum of 5 years with extension options.
- Data - Suppliers noted that good quality data will enable more accurate pricing
- Risks - There were some key contractual terms that suppliers raised as an issue these were the Local Government Pension Scheme, Insurance, limits on liability, Parent Company Guarantee, termination arrangements, LGPS pension and National Living Wage. They also raised the Comprehensive Maintenance Threshold level and the risk of the back log of works if the estate is in a poor state of repair.
- Mobilisation - Suppliers advised that the ideal mobilisation period is between 3-6 months depending on the quality of data and TUPE and handover from incumbent suppliers.
- Scope - Some suppliers did not appreciate the scale and scope of the contract and realised that they were too small to deliver directly but were keen to join local supply chains. Larger suppliers tended to feedback on a scope that fitted their organisations capacity and capability rather than what would be best for KCC
- Opportunities for Innovation - Most of the suppliers expressed a desire to implement continuous improvement and innovation as part of their service delivery. Proposals included innovations in measuring contract performance, incentivising the Contractor to achieve shared objectives, low / nil cost energy saving initiatives, condition based maintenance and streamlining of administration tasks to achieve cost savings and process improvements.

3.4 A questionnaire was issued to suppliers on the 21st February 2020 to obtain more detailed feedback in respect of the following areas:

- Contract Terms - including contract length and extensions
- Terms and Conditions - such as limits on liability and insurances
- Commercial models - bundled and TFM and variants to these

- Performance Regime – Over-arching models and more specific characteristics such as caps on KPIs, Percentage only or deductions earned back for performance improvement
- Data Pack - information that will enable less risk priced in and how this is best presented
- Social Value/ Innovation
- Mobilisation

3.5 This questionnaire is an on-line questionnaire which has been sent to all companies that attended the bidder day as well as those that expressed an interest on the Kent Business Portal. The questionnaire completion deadline was 6 March 2020. This together with the feedback from the bidder day will be used to finalise the procurement approach and scope.

4. Stakeholder Engagement

4.1 A series of meetings with stakeholders from the different Directorates started in early March 2020. The topics for these meetings include:

- Specification for Handypersons
- Cleaning specification for specific areas
- Key Performance Indicators (KPIs) - specifically feedback on current KPIs
- Reporting, dashboard information and access to Computer Aided Facilities Management (CAFM) system for service users
- Response times and rectification periods
- Evaluation Criteria and weighting

4.2 We will also share the full specification and contract documentation so that the users can feed in comments and can confirm service priorities against funding restrictions.

5. Programme

5.1 A detailed programme has been prepared setting out based on the key stages of the procurement process. The key dates are set out below. The most important of these are:

- Issue of OJEU notice which starts the formal procurement process.
- Shortlist following Supplier Questionnaire evaluation
- Submission of final bids
- Key Decision to award contract with delegated authority within specific parameters.

5.2 The timetable also identifies key update points for the policy and resources committee as part of the proposed contract award.

Year	Month	Activities / Milestones
2020	January	Prior Information Notice (PIN) issued
2020	13 th February	Supplier Day held
2020	February	Soft Market Engagement including questionnaire issued to Market
2020	February and March	Stakeholder engagement on Specification and contract KPIs etc
2020	March	Preparation of Draft Tender Documents
2020	15 th April	Procurement Strategy Finalised
2020	April	Preparation of Draft Tender Documents
2020	May	Preparation of Draft Tender Documents
2020	12 th May	P and R meeting-update on procurement strategy and approach
2020	June	Issue OJEU, Selection Questionnaire (SQ) & Draft Tender Documents
2020	July	SQ Returns & SQ Evaluation
2020	August	SQ Evaluation Report, Shortlist Approvals
2020	September	Issue Tender docs to shortlisted bidders
2020	11 th September	P and R Committee- Update on shortlisted suppliers
2020	December	Final Tender Period
2021	January	Tender Period & Tender Submission
2021	14 th January	P and R committee prior to a Key Decision on contract award with delegated authority to enter contract subject to specific terms
2021	February	Evaluation
2021	March	Evaluation Report, Approvals, Preferred Bidder & Standstill Period
2021	24 th March	P and R committee update on final bidders and award

Year	Month	Activities / Milestones
2021	April	Contract(s) Preparation & Signature
2021	May	Mobilisation Commences
2021	June- Nov	Mobilisation
2021	November	Service Commencement

6. Next Steps

6.1 Over the next few months the focus is confirming the scope and procurement approach, drafting of the contract documents and Supplier Questionnaire (SQ) as well as the contract evaluation and weighting. The key milestones will be completion of the specification, contract documentation and evaluation criteria prior to the issue of the OJEU notice in June 2020.

7. Recommendation(s)

Recommendation(s): The Policy and Resources Cabinet Committee is asked to note progress.

8. Background Documents

None

9. Contact details

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