

**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 – 29 July 2020

**Decision No:** N/A

**Subject:** Facilities Management Procurement Update

**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 proposed commercial strategy.

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

## **1. Background**

- 1.1 The Council currently commissions Facilities Management services (including statutory compliance, planned preventative maintenance, project services, helpdesk, cleaning, catering, waste, feminine hygiene, pest control, handypersons, portage, mail delivery, landscaping and ground maintenance, reception and Security) with two providers, Amey and Skanska for the KCC corporate landlord estate, and statutory checks (which are the responsibility of KCC) only for schools. The Council also makes available waste services, cleaning and deliver catering services through separate contracts to the TFM providers.
- 1.2 Whilst the current TFM contracts have been extended to support service continuity and enable the market to re-establish itself following the COVID-19 pandemic, planning is progressing for the re-procurement of the Facilities Management (FM) contract.

## **2. Update on Progress and Activity since January 2020**

- 2.1 A bidder day was held in February 2020, which was attended by 40 organisations as part of a market engagement process.

2.2 Following the Bidder day, a questionnaire was issued to further test the following areas:

- **Strategic Objectives Alignment**
- **Contract Term** including contract length and extensions
- **Contractual Terms & Conditions** such as limits on liability, termination triggers, TUPE and insurances. The most critical of these in suppliers "bid/no bid" decision was caps on liabilities, change of law protection, pensions, TUPE validation and consequential loss.
- **Evaluation Criteria** which considered the weighting and balancing quality and cost to reflect KCCs priorities
- **Commercial Models**
- **Performance Models** which set the overarching principles to incentivise performance within FM contracts.
- **Collaborative Relationship** and how to break down barriers that form
- **Services Bundling Strategy & Delivery** and preferences on the various options being considered
- **Procurement Procedure** and if this would prevent suppliers from bidding
- **Mobilisation** period required in addition to providing feedback on the areas outlined above general feedback included the importance of accurate data as part of the procurement process, timely decision making, effective communication and clarity of scope.

### 3. Procurement Service Objectives

3.1 A strategic review took place in late 2019, this was followed by a series of workshops with service directorates to agree the procurement service objectives. The key objectives identified were:

- A focus on building safety and compliance, with clear accountability and responsibilities
- A flexible service model which can respond to the need for continuous improvement, maximising the use of technology and innovation in the management of the estate
- To support the environmental commitments of the Council in the day to day management of the estate, including net zero emissions
- Reduce management layers and layers of subcontracting
- Consistent, proactive and responsive services focused on the needs of the building users
- To add value to the local economy of Kent by generating opportunities for small and medium sized enterprises based within Kent to form part of the supply chains.

### 4. Proposed FM Delivery Model

4.1 As part of the strategic review a number of different service delivery models were considered. The long list was evaluated against the objectives set out above, which identified a short list of two models with a number of permutations

which are set out in more detail in appendix 1 along with the key risks and benefits.

4.2 Taking into account the Council's objectives and the feedback from the market engaged Option 5 - one county wide hard FM contract & multiple soft FM contracts, was considered to be the best solution as it provides: best:

- Consistent delivery with a single helpdesk across the whole of KCCs estate with information held by one provider. Contract management and technical expertise can focus on working with this supplier
- One point of contact for compliance and maintenance
- A reduction in the contractual chain and supports supply chain efficiency
- By contracting directly with key suppliers there is greater opportunity to encourage innovation and best practice to improve service delivery in their area of expertise
- Reduces management overhead through multiple sub-contracting layers
- Enables an appropriate spread of contractors better aligned to service requirements e.g. requirements for schools is different to a corporate requirement.
- Better supports more localised supply chains
- A greater degree of service resilience and alignment to the current marketplace.

4.3 Whilst there are a number of opportunities the preferred model does present greater integration risk between the hard and soft services compared to a single provider. To mitigate this risk, it is proposed to build strong contract management function with the appropriate skills and expertise and to include a contractual interface agreement with suppliers. The interface agreement will ensure that suppliers work together and that KPI's are included in the contracts to incentivise collaborative behavior.

## 5. Programme

5.1 As a result of the COVID-19 pandemic, the original programme has been revised (assuming a 6-month delay). Whilst the procurement activity is under review it is envisaged that the procurement activity will start in the Autumn of 2020. This notice would only be issued if the market conditions are favourable and KCC had the capacity to focus on the procurement, in addition to any ongoing COVID-19 issues that need to be managed across its estate.

5.2 The programme is now split into a number of separate workstreams, but the critical path is the Hard FM contract, as this is the most complex. For the soft services there will be a number of different programmes depending on the service line and procurement route chosen. A detailed programme has been prepared based on the key stages of the procurement process. The key dates are set out below. The most important elements on the critical path are:

- Issue of OJEU notice which starts the formal procurement process.
- Shortlist suppliers following Supplier Questionnaire evaluation
- Submission of final bids

- Key Decision to award contract with delegated authority within specific parameters.

5.3 The timetable also identifies key update points for the Policy and Resources Cabinet Committee as part of the proposed contract award.

<b>Year</b>	<b>Month</b>	<b>Activities / Milestones</b>
<b>2020</b>	<b>June – Aug</b>	<b>Preparation of Draft Tender Documents for Hard Services</b>
<b>2020</b>	September	Issue OJEU, Selection Questionnaire (SQ) & Draft Tender Documents
<b>2020</b>	<b>October</b>	<b>SQ Returns &amp; SQ Evaluation</b>
<b>2020</b>	<b>November</b>	<b>SQ Evaluation Report, Shortlist Approvals</b>
<b>2020</b>	<b>December</b>	<b>Issue Tender docs to shortlisted bidders</b>
<b>2020</b>	<b>December</b>	<b>P and R Committee- Update on shortlisted suppliers</b>
<b>2021</b>	<b>January - March</b>	<b>Tender Period</b>
<b>2021</b>	<b>April</b>	<b>Final bids submitted</b>
<b>2021</b>	April	P and R committee prior to a Key Decision on contract award with delegated authority to enter into contract subject to specific terms
<b>2021</b>	<b>May</b>	<b>Tender Evaluation</b>
<b>2021</b>	<b>June</b>	<b>Evaluation Report, Approvals, Preferred Bidder, Contract Award &amp; Standstill Period</b>
<b>2021</b>	<b>June</b>	<b>P and R committee update on final bidders and award</b>
<b>2021</b>	<b>July</b>	<b>Contract(s) Preparation &amp; Signature</b>
<b>2021</b>	<b>August</b>	<b>Mobilisation Commences</b>
<b>2021/22</b>	<b>September – May</b>	<b>Mobilisation (includes additional 3 months contingency)</b>
<b>2022</b>	<b>May</b>	<b>Service Commencement</b>

*Please note this programme is assuming that there are no further COVID-19 delays, hence the additional mobilisation period.*

## **6. Next Steps**

6.1 Over the next few months the focus will be:

- Development of the contract documents including the interface agreement
- Finalisation of Supplier Questionnaire (SQ)
- Drafting performance mechanism, contract evaluation and weighting criteria.
- Finalisation of hard services specifications
- Confirming soft services route to market

The key milestones will be completion of the specification, contract documentation and evaluation criteria prior to the issue of the OJEU notice.

## 7. Recommendation(s)

### Recommendation(s):

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

## 8. Background Documents

- Appendix One – Options Table

## 9. Contact details

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