

# Cabinet



Date of meeting:	09 June 2022
Title of Report:	<b>Facilities Management (Hard Services) Term Services Contracts</b>
Lead Member:	Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)
Lead Strategic Director:	Andy Ralphs (Strategic Director of Customer and Corporate Services)
Author:	Ross Johnston, Programme Manager
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

The current Facilities Management (Hard Services) term services contracts expire in February 2023. Plymouth City Council outsources repairs, maintenance and compliance of its property assets to specialist maintenance term contractors.

In order to safeguard continuity and protect 'business as usual' it is required that Plymouth City Council undertake a new procurement and tender process for Facilities Management (Hard Services) term services contracts.

This report will ultimately seek approval for the following:

- To procure repairs, maintenance and compliance of Plymouth City Council property assets through term services contracts beginning in February 2023;
- To undertake a new procurement and tender process with 15 specialist 'Lots' split by discipline.

## Recommendations and Reasons

The report recommends three decisions:

- To approve the business case, which includes the Options Appraisal for Facilities Management and its conclusion that Option 2: Outsource delivery to multiple term contractors is the best option.
- To authorise the undertaking of a new procurement and tender process for Facilities Management (Hard Services) contracts. This will be achieved through term service contracts delivered by outsourced multiple term contractors.
- To delegate authority for the award of contracts to the Strategic Director for Customer and Corporate Services where they would otherwise not have the authority to do so.

## Costs

Indicative total value of these term services contracts is estimated to be £31 million over 4 years initial contract term with the ability to extend by further 2 years + 1 year. Increasing total potential contract value to £55 million. These figures include the capital funded backlog maintenance programme, an uplift for the inclusion of Plymouth Active Leisure Ltd. and allowances for the Net Zero Carbon programme which has yet to be approved.

	<b>1 YEAR SPEND</b> £m	<b>4 YEAR SPEND</b> £m	<b>7 YEAR SPEND</b> £m
PCC Revenue	£2.945	£11.680	£20.615
Backlog Maintenance Capital	£3.286	£13.144	£23.000
Plymouth Active Leisure Ltd.	£0.815	£3.260	£5.705
Net Zero Carbon Capital	£0.830	£3.320	£5.810
<b>Totals</b>	<b>£7.876</b>	<b>£31.504</b>	<b>£55.130</b>

## Alternative options considered and rejected

A strategic options appraisal was undertaken to identify alternative options for delivery of the repairs, maintenance and compliance works. The options considered and rejected were:

**Option 1:** Insource

**Option 3:** Outsource to one supplier (Total FM)

**Option 4:** Establish a Joint Venture (JV) with an FM expert

4A: Publically owned partner

4B: Privately owned partner

**Option 5:** Establish a Shared Service

## Relevance to the Corporate Plan and/or the Plymouth Plan

Corporate Plan, Our Priorities:

- Unlocking the City's Potential, A vibrant economy, developing quality jobs and skills – through providing jobs, apprenticeships and training opportunities through terms service providers.

Corporate Plan, Delivering on Our Commitments

- Providing Value for Money – through cost effective delivery of services evidenced through the procurement process.

## Implications for the Medium Term Financial Plan and Resource Implications:

Mostly this is existing revenue. However, there is the £24 million backlog maintenance which has already been approved in the Capital Programme.

## Financial Risks

The Construction/Maintenance Market has seen costs increase significantly due to the pandemic and Brexit supply chains. Labour and material prices may increase significantly on procurement. Price indices are not yet accurately reflecting the long term projection.

**Carbon Footprint (Environmental) Implications:**

Contracts will allow instruction of carbon reduction initiatives easily without a lengthy procurement process. Environmental implications are being assessed in the procurement process. Environmental Policy/statement/management system will be assessed.

**Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

The proposal will:

- Support the delivery of statutory compliance and will ensure the required levels of Health and Safety.
- Support the effective implementation of our future Asset Management Plans objectives of further reducing backlog maintenance.
- Support the mitigation of risk associated with high levels of expenditure through strong supplier management

**Appendices**

\*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Business Case							
B	Equalities Impact Assessment							

**Background papers:**

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Facilities Management Options Appraisal			X				

**Sign off:**

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Originating Senior Leadership Team member: Kim Brown, Head of HROD

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 20/05/2022

Cabinet Member approval: *Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)*

Date approved: 30/05/2022

## 1.0 INTRODUCTION

1.1 This report was mandated in response to the current Facilities Management (Hard Services) maintenance contracts ending (without the ability to extend) in February 2023. Plymouth City Council outsources repairs, maintenance and compliance of its property assets to specialist maintenance term contractors. This outsourcing is achieved via term services contracts.

In order to safeguard continuity and protect ‘business as usual’ it is of paramount importance that Plymouth City Council undertake a new procurement and tender process for Facilities Management (Hard Services) Maintenance Contracts.

- 1.2 This report will ultimately seek approval for the following:
- To outsource repairs, maintenance and compliance of Plymouth City Council assets through a new contract;
  - To undertake a new procurement and tender process with ‘Lots’ split by discipline into 15 separate Lots;
  - To delegate authority to the Strategic Director for Customer and Corporate Services to award contracts following the procurement exercise for the Facilities Management (Hard Services) maintenance services.

## 2.0 CURRENT POSITION

- 2.1. The Facilities Management (Hard Services) Team is responsible for the maintenance of 2961 assets. This maintenance includes reactive repairs and maintenance; and compliance with Health and Safety legislation to Plymouth City Council’s property assets.
- 2.2. Plymouth City Council needs to retain its current arrangement for Facilities Management (Hard Services) service delivery. This service delivery is achieved via term service contract agreement of outsourced maintenance term contractors.
- 2.3. A further review is proposed in 2024/25 to re-examine strategic options for the Facilities Management service as part of a wider Asset Management Plan.
- 2.4 The technical delivery aspects of the Facilities Management (Hard Services) service is outsourced to eleven specialist term contractors (Table 1) across twelve term contract disciplines.

**Table 1:** Current Term Contracts

Contractor	Lot Description
JNE Construction	General Building Repairs
Dodd Group	Mechanical Reactive
KK Controls	Electrical Reactive
Gilpin Demolition	Asbestos Sampling, Surveying & Removals
Abacus Drainage	Drainage – Repairs & Maintenance
Clegg & Shortman	Roofing – Repairs & Maintenance
Doorcare South West	Specialist Doors – Repairs & Maintenance
I J Cannings	Electrical Compliance
I J Cannings	Mechanical Compliance
Securi-Guard	Security & Fire Systems / Equipment Maintenance
Churchill Services	Water Hygiene Compliance
Euro-Lifts	Lifts – Repairs & Maintenance

## 3.0 OPTIONS AND DELIVERY OPTION

- 3.1 Five strategic options of future operating models were assessed and evaluated for the delivery of Facilities Management (Hard FM) Services. These options are as follows:
- **Option 1:** Insource
  - **Option 2:** Outsource delivery to multiple term contractors
  - **Option 3:** Outsource to one supplier (Total FM)
  - **Option 4:** Establish a Joint Venture (JV) with an FM expert
    - 4A: Publically owned partner
    - 4B: Privately owned partner
  - **Option 5:** Establish a Shared Service

The entirety of these options are explored and outlined further in the Options Appraisal document, with the business case presenting a summary. This Options Appraisal document has been completed by a Third Party to absolutely ensure an impartial evaluation of all of the options on behalf of Plymouth City Council.

- 3.2 The Options Appraisal report/review indicated that **Option 2:** Outsource delivery to multiple term contracts remains the best option and we are confident that Facilities Management (Hard Services) can be delivered via this option, to best meet Plymouth City Council's corporate plan objectives.

## 5.0 PROCUREMENT ROUTE

- 5.1 In line with the Council Contracts Standing Orders and Public Contracts Regulations 2015 the following procurement route to the market options have been considered:

- 5.1.1 Restricted Procedure – Public Contracts Regulations 2015  
Advertising the opportunity to the open market. The subject matter and value of the proposed contract/-s would make this procurement subject to the full force of the Public Contracts Regulations 2015. This is the most expensive and time-consuming option.

Restricted Procedure is a two-stage process. The opportunity will be openly advertised within the UK marketplace. Any interested party can express an interest and submit a pre-selection documentation: PAS91 or a Selection Questionnaire.

- Stage 1 - is a pre-selection stage which is used to assess the suitability of suppliers. This enables a detailed selection assessment. We can choose to limit the amount of suppliers that can be shortlisted to the second stage. Only those suppliers selected may be invited to Stage 2.
- Stage 2 - is the tender stage and is used to determine a successful supplier to whom a contract will be award. The contract will be awarded to the most economically advantageous tender (MEAT).

- 5.1.2 Request for Quotation (RFQ)  
In line with the Council's Contract Standing Orders the Procurement will seek at least 3 written quotations, from local suppliers, where possible. The suppliers invited to quote will be selected by the Council. By undertaking a Request for Quotation the Council can select any supplier it thinks may be capable of completing the contract in its entirety. This is a one-stage process, which comprises suitability assessment criteria and contract award criteria. The contract will be awarded to the most economically advantageous tender (MEAT).

- 5.2 It is recommended that in order to achieve value for money, support Small and Medium Enterprises and local economy, the following purchasing strategy is applied:
- Single procurement subject to the full force of the Public Contracts Regulations 2015 for nine (9) contract requirements, which have been classified as high value Works type contracts:
    - General Building Repairs,
    - Marine Works, Asbestos Analysis,
    - Sampling and Surveying,
    - Electrical Compliance,
    - Electrical Reactive,
    - Mechanical Compliance
    - Mechanical Reactive,
    - Fire and Security Systems, and
    - Water Quality
  - Six (6) separate procurements, subject to competitive Request for Quotation (RFQ) process for six (6) remaining contract requirements, which have been classified as low value:
    - Asbestos Removal,
    - Roofing Repairs and Maintenance
    - Drainage Repairs and Maintenance
    - Specialist Door Repair and Maintenance
    - BMS and Controls
    - Lifts and Lifting Equipment
- 5.3 This proposed procurement approach for the Term Services Contracts builds on lessons learned from the current model which expires on 1 February 2023. This compliant procurement proposal maximises the opportunities for Plymouth SME's through reducing subcontracting by using specialist lots by discipline. Local businesses and suppliers will also be supported through supplier engagement and tender training in the early phases of the procurement. Prompt payment to local suppliers and SME's will also be within the contract documentation. Suppliers will be given the security of a contract for the term so incentivised to invest in the service. Creation of local jobs, apprenticeships, training opportunities, delivery of social value and developing a local supply chain; will all form part of the evaluation process. The tender and contracting process will take around 9 months with new contracts commencing on the 2 February 2023.