

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 1st April 2014
Report of: Chief Operating Officer
Subject/Title: Total Facilities Management (Forward Plan Ref: CE 13/14-85)
Portfolio Holder: Cllr Peter Raynes, Finance

1.0 Report Summary

- 1.1 Cheshire East Council has a land and property portfolio worth over £600m; and a net operational property budget of £14,638,000.
- 1.2 Under Major Change Project 7.5 – Asset Major Change, the Council will be considering options for the future delivery of all property-related services building on the achievement of the Corporate Landlord model and the formation of the Development Company.
- 1.3 A number of facilities management contracts, which ensure buildings can continue to operate, are due to expire within the next 12 months. In order to ensure continuity of service it will be necessary to publish a contract notice in the OJEU (Official Journal of the European Union) for such works.
- 1.4 Linked to the wider project, this report deals with mechanisms that must be put in place to ensure that effective service delivery is maintained during this transformation process, with particular focus on Facilities Management, and to consider all options. Options considered, which can be seen in more detail later in this report, include:-
- Continue on an as is basis, with individual contracts in place for each facilities management service
 - Increase the number of suppliers by putting in place a framework with multiple suppliers on the various lots to give SMEs the opportunity of tendering
 - Reduce the number of contracts, by tendering integrated/bundled packages of work where there are clear synergies
 - Enter into one Total Facilities Management contract
 - Utilise the supply chain of the Stockport Strategic Property Partnership, if possible

- 1.5 The current arrangements for the delivery of facilities management services are through a variety of contracts, the largest being the response and cyclical maintenance contract. This contract expires on the 31 March 2015 and cannot be extended within EU Procurement Rules.
- 1.6 As a legacy of pre-corporate landlord delivery models, and in order to ensure compliance with the Council's financial and procurement regulations, a number of contracts are in place, many of which coincide, with end dates on or around 31 March 2015.
- 1.7 The transformation process mentioned in paragraph 1.2 and its implementation could extend beyond the March 2015 expiry date mentioned in paragraphs 1.4 and 1.5 and it is essential that a mechanism is in place to enable the Council to continue to effectively deliver facilities management services.
- 1.8 The value of the services required means that the following contracts would be subject to EU Procurement Rules, requiring a contract notice to be published in the OJEU (Official Journal of the European Union), such notice would be required early in April 2014 in order to be able to re-procure before the expiry date of the current contracts:-
- Response and Cyclical Maintenance
 - Re-roofing and Refenestration
 - Security
 - Waste Management
 - Asbestos Management
 - Legionella Management
- 1.9 All these contracts, together with services currently undertaken internally, could be either procured as 'lots' by merging together various elements, or as a Total Facilities Management Contract. All potential services for inclusion in such a contract can be seen in Appendix 1.
- 1.10 Cabinet approval was given in December 2013 to further investigate the Strategic Property Partnership between Stockport Metropolitan Borough Council, Carillion and CBRE ("SSPP") to identify whether there is potential for Cheshire East Council to utilise this Contract, either at Partnership or Supply-Chain level. The investigation into this is continuing as the Partnership establishes it's Supply Chain. This will continue at the same time as initiating the OJEU procurement process outlined in paragraph 1.7. This will keep the Council's options open whilst also protecting its position by ensuring that a mechanism for facilities management services can be in place when the current arrangement expires.

2.0 Recommendations

- 2.1 That

- 2.2 Approval be given to publish a contract notice in the OJEU (Official Journal of the European Union).
- 2.3 Approval be given to the establishment of Facilities Management contracts or a Total Facilities Contract, should this be the most cost effective route following the tender process.
- 2.4 Delegated authority be awarded to the Chief Operating Officer, in consultation with the Portfolio Holder for Finance and Assets, to award contracts to providers meeting the requirements of the Contract/s.
- 2.5 Delegated authority be awarded to the Chief Operating Officer, in consultation with the Portfolio Holder for Finance and Assets, to abort the procurement, should the need for the Contract no longer be required.
- 2.6 Delegated authority be awarded to the Chief Operating Officer, in consultation with the Portfolio Holder for Finance and Assets, to utilise the Stockport Strategic Property Partnership on the basis of recommendations from Assets, Finance, Procurement and Legal Services.

3.0 Reasons for Recommendations

- 3.1 To ensure that the council examines options for alternative delivery models for asset-related services, whilst maintaining the short-term ability to secure value for money in the procurement and delivery of facilities management services.
- 3.2 To ensure that the commissioning of facilities management services complies with the Public Contracts Regulations 2006 and the Council's Finance and Contract Procedure Rules.
- 3.3 To explore all options for securing value for money in the delivery of facilities management services.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 The recommendations in this report support the delivery of the council's priorities by ensuring that key compliant mechanisms are in place to enable the controlled delivery of facilities management services.

7.0 Financial Implications

7.1 The recommendations within this report support the delivery of facilities management services and ensure that the Contractor selected for the delivery of such services satisfies the requirements of the Council's Financial Rules and comply with EU requirements.

7.2 The proposed OJEU procurement process will be undertaken by Facilities Management officers supported by Procurement and Legal Services colleagues, therefore there are no external costs for this procurement. Significant officer time will not be required until August - October at which time it should be apparent whether the Stockport option is beneficial. These procurement costs and the costs of accessing any other alternative contracts/frameworks will be taken into account in deciding whether to abandon this procurement in favour of other options, e.g., the Stockport Strategic Property Partnership.

8.0 Legal Implications

8.1 The current contracts for facilities management services are due to expire in March 2015 and cannot be extended further. Once the preferred options is known the service will need to ensure that any new contracts are procured in accordance with the Public Contracts Regulations 2006 ("the Regulations") and the Council's Finance and Contract Procedure Rules

8.2 The Facilities Management Service will be advised and will need to engage with Legal Services to ensure that the Council's duties under the Public Services Social Value Act, as it applies to contracts, are fulfilled. The Act requires the Council to:

- consider how what is proposed to be procured might improve the social economic and environmental well-being of the relevant area
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- how in conducting a procurement process it may act with a view to securing that improvement

9.0 Risk Management

9.1 A failure to establish a contract/s for facilities management services through which these services can be provided will mean that each contract for each area of the service will need to be tendered individually. This is prohibitive both in terms of time and cost.

10.0 Background and Options

10.1 As part of the its business planning for 2014/15, the Council will be considering options for the future delivery of all asset-related services, building on the achievement of the Corporate Landlord model and the formation of the Development Company. These options will be outlined

in a future report to Cabinet and will take into account the imperatives with public sector reform and the objectives of Cheshire East Council to make better use of our operational and non-operational property portfolio.

- 10.2 It is envisaged that the full implementation of this piece of work to review strategic and operational asset management will continue throughout 2014/15 and possibly 2015/16 and will therefore require the maintenance of “Business as Usual” processes and procedures in the short-medium term, whilst ensuring that options for future major change are not compromised.
- 10.3 The delivery of both hard and soft facilities management has historically been provided through both internal and external resources. Such services include, but are not limited to:

Facilities Management	In House	External
• Hard & Soft FM planning & contract/framework management	✓	
• Property Helpdesk	✓	✓
• Maintenance Surveyors / property liaison	✓	
• Property Compliance – asbestos and legionella monitoring		✓
• Property Compliance – Fire risk assessments, access audits	✓	
• Energy Management	✓	
• Carbon Management / strategy	✓	
• Planned cyclical and responsive maintenance works		✓
• Reroofing & refenestration works		✓
• Cleaning Services	✓	
• Security Services		✓
• Mailroom Solutions	✓	
• Waste Management		✓
• Washroom Services		✓
• Window Cleaning		✓
• Janatorial Services	✓	
• Room booking/building management	✓	
• Office accommodation strategy	✓	
• Space/utilisation planning	✓	
• Move management delivery		✓

- 10.4 The largest of the contracts currently in place is the response and cyclical maintenance element, which covers both the operational and non-operational estate. This is a four year framework, which expires on 31 March 2015, with no option to extend.
- 10.5 As a result of the Corporate Landlord project, the Asset Management Service inherited a variety of contracts, many of which were non-

compliant. In order to rationalise the number of contracts, procurement exercises have taken place to ensure that the Council meets its financial and procurement regulations, whilst making savings through the new procurement route. Where possible, these contracts have been entered into with an end date to match that of the response and cyclical maintenance contract, enabling the Council to move towards a Total Facilities Management approach, should this be the desired route.

10.6 Approximately £3.3m per year is spent externally on facilities management services, which excludes any planned maintenance such as boiler replacement, reroofing and refenestration. Contract end dates and values can be seen in Appendix 3 attached.

10.7 A range of options for procuring facilities management services have been considered including:

- 10.7.1 Option 1 – Maintain the status quo and re-procure each contract/framework separately
- 10.7.2 Option 2 - Increase the number of contracts by putting in place a preferred contractors list focussing, as far as is practicable, on local businesses
- 10.7.3 Option 3 – Creation and procurement of integrated/bundled 'work packages' (see Appendix 2)
- 10.7.4 Option 4 - Procure a single Total Facilities Management contract
- 10.7.5 Option 5 - Enter into access agreements for existing frameworks, e.g. GPS Frameworks, Stockport Strategic Property Partnership (SSPP), etc.

10.8 Cabinet approval was given in December 2013 to further investigate the Strategic Property Partnership between Stockport Metropolitan Borough Council, Carillion and CBRE to identify whether there is potential for Cheshire East Council to utilise this Contract, either at Partnership or Supply-Chain level.

10.9 Whilst acknowledging the work that is taking place to consider a future operating for the whole of the previous Asset Management Service, and in the event that it is not possible to enter into the SSPP, it has been concluded an EU Procurement process should be undertaken. This will continue at the same time as initiating the OJEU procurement process to ensure business continuity. This will keep the Council's options open whilst also protecting its position by ensuring that a mechanism for facilities management services can be in place when the current arrangement expires

10.10 Having examined the options in 3, it has been concluded that the preferred option involve a tender process which should identify integrated/bundled 'lots', with bidders being given the opportunity to offer a Total Facilities Management solution, if this demonstrates added cost and efficiency benefits.

- 10.11 It will be necessary to publish a contract notice in the OJEU (Official Journal of the European Union) in early April 2014 to ensure that the new arrangements are in place when the existing contracts expire, and allowing for a period of mobilisation.
- 10.12 Tender documentation would indicate a requirement that a local workforce should be considered and would include provision for Town and Parish Councils, wholly owned companies of the Council, schools, Academies and other community groups to access the Councils Framework on a direct relationship basis.
- 10.13 The option analysis process for facilities management identified that there is an opportunity to access existing frameworks, as follows:-
- 10.12.1 Fusion 21 facilities Management framework – Lot 11 Total FM
Fusion 21 is a Liverpool based company who specialise in Social Housing and Local Authority Procurement Services
 - 10.12.2 GPS Facilities management framework – Lot 2 Total FM
Due to be in place Jan/Feb 2015 (high risk if delayed - potentially insufficient mobilisation period)
- 10.14 The Stockport Partnership is currently in mobilisation stage and did not have supply-chains in place until February 2014. Whilst it is too early to be sure, it seems that this Partnership may have potential benefits for Cheshire East Council for a wide range of asset-related services, subject to Legal Services being satisfied that the Council can access this contract
- 10.15 Further investigation would be needed to identify whether the Stockport Partnership would be able to be fully accessed by the Cheshire East Council's Alternative Service Delivery Vehicles as they were not specifically named in the procurement process. It is therefore recommended that the Stockport Strategic Property Partnership is further explored by officers with due diligence undertaken and service delivery options explored at the same time as initiating the OJEU procurement process previously outlined. This will protect the Council's interests by ensuring that a mechanism for commissioning total facilities management services can be in place when the current arrangements expire.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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