

Harborough District Council



Report to the Cabinet Meeting of 23 October 2023 (Appendix A Exempt)

Title:	Facilities Management Service Contract (Appendix A Exempt)
Status:	Report: Public Appendix A: Exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972.
Key Decision:	Yes
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Portfolio Holder:	Portfolio – Finance, Councillor Mark Graves
Appendices:	Appendix A (Exempt)

Summary

- i. An effective soft facilities management service is essential to the successful management and use of Council owned buildings including The Symington Building, Harborough Innovation Centre and Harborough Indoor Market.
- ii. The existing soft facilities management contract expires on 30 November 2023, and the award of a new contract to commence from 1 December 2023 for a period of 3 years will ensure continuity of services and compliance of the property portfolio. The procurement method used for the renewal of the contract was through ESPO¹ framework, compliant with the Public Contract Regulations 2015 managed by Welland procurement in partnership with the Council.

Recommendations

¹ ESPO framework, is a pre-approved and compliant way of procuring various services for the public sector. ESPO stands for Eastern Shires Purchasing Organisation, a public sector owned organisation that has provided a wide range of services for over 35 years. An ESPO framework offers a quick, simple and competitive route to access service providers that have been assessed for their quality and ability.

It is recommended that Cabinet:

1. Approve the award of a contract for soft facilities management commencing 1 December 2023 for a period of 3 years to contractor 1 as detailed in appendix A
2. Delegates to the Deputy Chief Executive Officer, in consultation with the Portfolio Holder, Finance and the Head of Legal Services, authority to negotiate and finalise the contract, including any minor variations.

Reasons for Recommendations

- iii. To ensure that the Council appoints a suitable contractor to undertake soft facilities management service which is essential to the Council's operation and function of The Symington Building, Harborough Innovation Centre and Harborough Indoor Market.
- iv. The evaluation panel agreed that Contractor 1 should be offered preferred provider status based on the tenders submitted.
- v. Awarding a contract based on the tender submitted by Contractor 1 offers the best option and value for money for future soft facilities management service.

1. Purpose of Report

- 1.1 To seek approval for the award of a contract that will secure the preferred contractor for the provision of soft facilities management services for Council owned buildings, including The Symington Building, Harborough Innovation Centre and Harborough Indoor Hall where the Council has responsibility.

2. Background

- 2.1 Soft facilities management (FM) is essential to the Council's operation and function of the property portfolio. The Council's current contract for facilities management services commenced on 1 December 2017 with FCC Environmental Services (UK) Limited for an initial term of 3 years with the provision for extension of the contract for up to 3 years.
- 2.2 As part of an internal reorganisation to combine certain operations within FCC Environmental Services (UK) Limited, an agreement for Novation was drawn up which novated the previous contractor's rights, obligations and liabilities under the contract to the new contractor, FCC Recycling (UK) Limited. The Deed of Novation of contract is dated 1 July 2023.

3. Details

- 3.1 The existing FM contract expires 30 November 2023. Award of a new contract to commence from 1 December 2023 will ensure continuity of services within the property portfolio. The procurement method used for the renewal of the contract was via the Eastern Shires Purchasing Organisation ("ESPO") framework, which is compliant with the Public Contract Regulations 2015.

- 3.2 There is a requirement to appoint an FM contract to carry out regular FM service within The Symington Building, Harborough Innovation Centre and Harborough Indoor Market. The scope of work shall include the following of the services indicated and has been specified, where appropriate.

Service	The Symington Building	Harborough Innovation Centre	Harborough Indoor Market
Cleaning services	x	x	x
Caretaking services	x		
Cleaning materials / equipment	x	x	x
Consumables	x	x	x
Confidential waste services	x	x	x
Pest control	x	x	x
Sanitary services	x	x	x
Window cleaning	x	x	x
Indoor planting	x		

- 3.3 This is a routine procurement exercise that represents 'business as usual' and is essential to maintain the Council's operations and function. Authorisation of the award by Cabinet is necessary because the value of the contract exceeds £200,000 (HDC Statement of Required Practice for Procurement ("SORP") paragraph 28.1).
- 3.4 The tender documents include all buildings where the Council are responsible for FM services including The Symington Building, Harborough Innovation Centre and Harborough Indoor Market. This ensures that the appropriate level of service is undertaken and that requirements are met.
- 3.5 The procurement method used for the renewal of the contract was a call off from the ESPO Framework, in accordance with the Public Contract Regulations 2015. The Lot was Total Facilities Management: Lot 1 - Facilities Management Services - Total Assessed Contract Value £0 - £1,000,000 – Framework 676_21. The Framework itself was advertised on the Find a Tender Service (FTS) (2021/S 000-002497). The tender was conducted using the Pro Contracts e-tendering system and being managed by Welland Procurement in partnership with the Council.
- 3.6 Weighting of the tender evaluation was:
- a) Technical: 40%
 - b) Price: 60%.
- 3.7 Tenders were evaluated by a panel of three individuals. One tender was received and was compliant and agreed as acceptable by the Evaluation Panel, and there was a unanimous consensus within the Panel. A summary of the tender submission is included as Appendix A. This Appendix is exempt from publication.
- 3.8 The Evaluation Panel agreed that Contractor 1 should be awarded preferred provider status and the contract for FM; the decision is subject to a statutory 'standstill' period of ten days. Award of the contract is subject to Cabinet approval, due diligence, and agreement of the final contract.

- 3.9 The initial contract term will be for a period of 3 years from 1 December 2023. Contract period extensions of a maximum of 2 further years in one year increments, may be granted by the Council, subject to satisfactory performance by the contractors. The length of contract has been chosen to give the maximum benefit from a longer contract amortising the initial lead-in costs over a longer period as the contractor becomes familiar with the buildings and specific installations. It also provides flexibility for the Council around options for the property portfolio. The contract offers the flexibility to add or remove services and buildings during the contract. A change in service provider will necessitate TUPE the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 3.10 The contract will include performance indicators including.
- 3.10.1 Quality control checks for cleaning at The Symington Building (target 90%).
- 3.10.2 Quality control checks for cleaning at Harborough Innovation Centre (target 90%).
- 3.10.3 Quality control checks for cleaning at Harborough Indoor Market (target 90%).
- The targets are based on previous performance of the FM contract.

4.Implications of Decisions

Corporate Priorities

- 4.1 The recommendations will enable the Council to secure value for money and financial sustainability, whilst acknowledging the importance of creating a sustainable environment and carbon reduction and allowing action to support these goals throughout the term of the contract.

Consultation

- 4.2 The options for FM services have been discussed with Head of Service and Managers of the services for both the Harborough Innovation Centre and Harborough Indoor Market.

Financial

- 4.3 Appendix A gives details of the financial implications for the Council.
- 4.4 The recommendation offers the best means of achieving value for money and financial sustainability.
- 4.5 A percentage of the cost for the FM Contract will continue to be included in the service charge for those tenants within The Symington Building.

Legal

- 4.7 Award of the contract is subject to Cabinet approval; the option of deciding not to proceed is available. However, the decision regarding the choice of provider could not be overturned without exposing the Council to a serious risk of legal challenge.
- 4.8 The procurement exercise has been undertaken in accordance with the Council Constitution.
- 4.9 It is proposed to use standard Framework Schedule 3 – Form of contract and call-off terms.

4.10 Any re-provisioning will require a TUPE transfer of existing FCC cleaning and caretaking staff directly involved in the delivery of the service.

4.11 Procurement of the FM Contract through the ESPO Framework is compliant with the Public Contract Regulations 2015.

Environmental Implications

4.12 Implementation of the recommendations will support the Council's commitment to become a net zero carbon Council by 2030 in so far as is possible within financial constraints.

Risk Management

4.13 Failure to identify suitable FM arrangements could jeopardise the future operation of the property portfolio, delivery of frontline services and compliance with statutory requirements.

Equalities Impact

4.14 None

Data Protection

4.15 None

5 Alternative Options Considered

5.1 **In-house option** has been considered however there are a number of limitations regarding this option:

- Lack of in-house resources to manage these matters on a day-to-day basis.
- The elements of work would still require contractor input due to nature and specialist requirements.
- Due to the above, this would not be a cost-effective option.

5.2 Multiple Contracts

This option has been considered, however, there are a number of limitations with regard this option.

- Lack of in-house resources to manage these matters on a day-to-day basis.
- Need to co-ordinate various contractors, on occasions this can be resource intensive.
- Increased HDC management resource required to manage individual contracts.
- Due to the above, this would not be a cost-effective option, as any savings on the individual contracts will be offset and more by the additional management resource required.

5.3 Single Contract

This option has been considered and provides a number of benefits.

- Less need for in-house resources to manage these matters on a day-to-day basis. Contract Management could be accommodated within existing asset management team.
- Contractor will co-ordinate various staff/sub-contractors and ensure that the correct operative is called on the first occasion.
- Less HDC management resource required to manage a single contract.

- Due to the above, this would be the most cost-effective option and will deliver the necessary outcomes.

6 Background papers

6.1 None