

SURREY COUNTY COUNCIL**CABINET****DATE: 29 MARCH 2022****REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY AND WASTE****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF RESOURCES****SUBJECT: RE-PROCUREMENT OF FACILITIES MANAGEMENT SERVICES****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ENABLING A GREENER FUTURE****Purpose of the Report:**

The Annual Procurement Forward Plan (APFP) was approved by Cabinet on 21 December 2021. The APFP did not include the procurement of Facilities Management (FM), Forward Maintenance and the commissioning of a Life Cycle Assessment and Condition survey and therefore this report is seeking Cabinet approval to procure.

Recommendations:

It is recommended that Cabinet:

1. Approves the request to competitively procure the following services under separate contracts, in accordance with the Council's Procurement and Contracting Standing Orders, as follows:
 - i. A Soft Facilities Management contract (including all cleaning, security, waste and recycling, confidential waste removal, window cleaning, pest control, water cooler services, salting/gritting, removals, grounds maintenance and arboriculture services, provision of cleaning consumables, and other services).
 - ii. A Hard Facilities Management contract (including all planned and reactive maintenance of mechanical, electrical, plant, equipment (M&E) and fabric, project management and other services).
 - iii. A framework of suppliers for delivery of the Forward Maintenance Plan (minor capital works).
 - iv. A one-off Life Cycle Assessment and Condition Survey of all the major M&E and fabric across the estate.
2. Notes that, following approval of the procurement strategy by the Procurement Department, the Executive Director of Resources, Director of Procurement and the Director of Land and Property are authorised to award the contracts to suppliers, within the +/-5% budgetary tolerance level.
3. Notes that the procurement strategy will require prospective suppliers to include Social Value commitments in their responses; provisions for contributing to the Council's 2030 Carbon Reduction targets; and inclusion of Surrey-based companies in the selection process, subject to achievement of best value.

Reason for Recommendations:

The proposals will:

- i. Enable the delivery of Soft FM and Hard FM; the delivery of the Forward Maintenance Plan; and an assessment of the life cycle and condition of all major M&E and fabric across the Council's property estate.
- ii. Deliver on the needs of Service Directorates and its services users through improved customer experience.
- iii. Deliver on the Climate Change agenda and supports Agile Transformation.
- iv. Support the local economy, thereby benefiting the residents of Surrey.

Executive Summary:

1. The Soft and Hard FM services are currently supplied under multiple soft services contracts, with additional suppliers delivering services under purchase orders.
2. The re-procurement of these services will establish a new soft and a new hard facilities management contract - planned commencement dates June/July 2023, following mobilisation.
3. The current Forward Maintenance Framework, originally procured under Orbis for the joint use by Surrey CC, East Sussex CC and Brighton & Hove Council, include multiple suppliers in various lots and are used to deliver the Forward Maintenance capital plan of minor works.
4. Re-procurement of the Framework will modernise the delivery of the Forward Maintenance plan, focusing contractors on the SCC's property portfolio, rather than the three Councils' estates under the current arrangements - planned Framework commencement date June/July 2023.
5. A separate one-off Life Cycle Assessment and Condition survey is required to establish the future strategy and budget for the Capital replacement of major M&E and fabric across the estate - planned commencement date February 2023.
6. Responses by the prospective suppliers to the tender documents will be evaluated on the commitments they make against the Council's Social Value objectives, support for the Council's 2030 Carbon Reduction targets, and the inclusion of Surrey-based companies or Small and Medium sized Enterprises (SMEs) in their sub-contracting strategy.
7. Once appointed, achievement of the proposals will be measured as part of the contract performance mechanisms, with yearly targets agreed to drive continual improvement through the terms of the contracts, focussing on:
 - A. Developing a strong and competitive local economy**
 - Development of local supply chains for any sub-contracted or specialist services to increase spend with local suppliers and SMEs. The plans will require the suppliers to encourage and develop local suppliers and SMEs to help grow their businesses.
 - Addressing the skills shortages by creating local employment and skills development opportunities, including minimum thresholds for employment retention and career development for Black, Asian and Minority Ethnic (BAME) members of staff, female staff, and disabled staff throughout the term of the contract across all operational and management pay grades.

- Encourage the employment of Surrey-based residents in their operational teams to support growth and sustainability.

B. Social – supporting the health, wellbeing and independence of local residents

- Collaboration with local voluntary and community groups to help build capacity and support sustainability.
- Creation of employment, work experience, apprenticeship, training, mentoring and befriending opportunities for priority groups.

C. Environment

- Utilise environmentally friendly products/services and ethical sourcing processes in line with a strong sustainability requirement in the tender specification, including locally sourced products, avoidance of single-use plastics, use of electric vehicles.
- Reduction of the carbon footprint by driving Climate Change objectives through the things that the supplier undertakes, including reducing carbon emissions of the M&E across the Council's property portfolio, advising how the Council should strategically replace M&E with green technology (such as air source/ground source heat pumps, installation of additional insulation/double-glazing). The supplier will also be required to monitor utilities consumption to reduce carbon emissions through proactive management.
- Raise awareness of local environmental and sustainability requirements, including the development of additional biodiversity plans, holding sustainability awareness days for Council staff and suppliers, enhancing separation of waste to increase recycling, and avoiding, wherever possible, the disposal of waste to landfill.

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Consultation:

8. The following have been consulted:

- Cllr Natalie Bramhall, Cabinet Member for Property and Waste
- Leigh Whitehouse, Deputy Chief Executive and Executive Director of Resources
- Surrey County Council Land and Property SLT, Procurement, HR, Finance and Legal teams

Risk Management and Implications:

9. If the Council does not manage the procurement of the four contracts requested efficiently it could lead to a detrimental impact on value for money, required outcomes and benefits from the contracted services. Good forward planning will enable adequate resources and sufficient time dedicated to ensuring appropriate procurement strategies and commercial negotiations to take place.

Financial and Value for Money Implications:

10. Re-procurement and rationalisation of these contracts optimises the opportunity to realise revenue and capital efficiencies and therefore contribute to anticipated efficiencies built into the Medium Term Financial Strategy. Further financial and value for money implications will be considered through the detailed procurement approval report, once market engagement has taken place.

Section 151 Officer Commentary:

11. Although significant progress has been made to improve the Council's financial position, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
12. The Section 151 Officer supports the re-procurement of these contracts. Further financial implications will be set out in the detailed procurement reports, once market engagement has taken place. It is anticipated that revenue and capital efficiencies can be realised by taking this approach to re-procurement and rationalisation of the facilities management and forward maintenance contracts. Efficiencies will contribute to targets already factored into the Medium Term Financial Strategy. It remains the responsibility of the Interim Director of Land and Property to ensure that any expenditure committed to within these re-procurements remain within the approved budget envelope.

Legal Implications – Monitoring Officer:

13. This report seeks approval to re-procure two Facilities Management Contracts, the Forward Maintenance Frameworks and a Life Cycle and Condition Survey. It is expected the changes will result in financial efficiencies for the Council and improved service for its Directorates. Cabinet is asked to delegate the award of the contracts to the Executive Director of Resources and the Interim Director of Land and Property, following approval by the Procurement Department. This is permitted under Article 6 of Part 2 of the Constitution.
14. Due to the value of the contracts and as the contracts were not included in the Annual Procurement Forward Plan, Cabinet approval is required to procure the new contracts. Full application of the Public Contract Regulations (PCR) 2015 is applicable, and the procurement process shall be in accordance with its requirements as well as the Council's Standing Orders and meet the Council's duty to secure best value as provided under the Local Government Act 1999. A compliant process is proposed in accordance with the Council's Procurement and Contracting Standing Orders.
15. If there is a requirement to vary existing contracts then as they were originally procured under PCR 2015, any variation must comply with Regulation 72 of the Public Contracts Regulations 2015 and order 6.4 of the Procurement and Contract Standing Orders.
16. An external firm of legal advisors will be instructed to act on behalf of the Council to advise upon the most appropriate form of new contracts, draft the new contracts and advise on contract negotiations, during the procurement process.
17. SCC's Legal Services Team shall be facilitating meetings and monitoring the external firm to ensure that internal governance procedures are followed.

Other Implications:

18. The procurement strategies will be approved by the Council's Procurement Department for each of the contracts requested. Due consideration will be given to potential implications for the Council priorities and policy areas, such as Equalities and Diversity, Social Value, Environmental Sustainability as well as opportunities to contribute to the net-zero emissions target.

What Happens Next:

19. The approved plans will be delivered during the financial year 2021/22 to 2023/24, following detailed approval by the Procurement Department.

Report Author:

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Annexes:

Part 2 Report

Consulted:

Cllr Natalie Bramhall, Cabinet Member for Property and Waste
Leigh Whitehouse, Deputy Chief Executive and Executive Director of Resources
Surrey County Council Land and Property SLT, Procurement, HR, Finance and Legal teams

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