

SURREY COUNTY COUNCIL**CABINET****DATE: 26 MARCH 2019****REPORT OF: MS CHARLOTTE MORLEY, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: CLAIRE BARRETT, DEPUTY CHIEF PROPERTY OFFICER****CORPORATE COUNCIL VISION OUTCOME:****SUBJECT: BUILDING MAINTENANCE PROJECTS, STATUTORY BUILDING MAINTENANCE AND RESPONSIVE BUILDING REPAIRS – HARD FACILITIES MANAGEMENT****SUMMARY OF ISSUE:**

Hard Facilities Management Services include building maintenance projects, statutory maintenance and responsive repairs.

Property Services are responsible for delivering Hard Facilities Management across Surrey County Council (SCC), East Sussex County Council and Brighton and Hove City Council.

This report sets out recommendations for the provision of Building Maintenance Projects, Statutory Building Maintenance and Responsive Building Repairs through the award of Term Maintenance Contracts and Framework Agreements to provide these services to the Council's property estate and outlines the market engagement, competitive tender and procurement process carried out in order to select suppliers to deliver these services.

Term Maintenance Contracts have a single awardee who will undertake maintenance and repair of the assets within the identified buildings. Each work order generally does not exceed £15k and averages at a few hundred pounds per job. For example, if a door or window is broken, the term contractor will repair or replace the affected unit against an agreed priced activity list. For SCC the total annual value of the Term Contract is approximately £7.5m per annum. Over five to seven years the value will be a maximum of £52.5m.

Framework Agreements cover the planned maintenance of the buildings and each job will be run as an individual project. To win the work, Framework Holders must undertake a mini competition. Project values can vary from £10k to £1m depending on the nature of the work. For example if the doors and windows need replacing in a building, this would be handled via a mini competition to obtain the best value for money. For SCC the Total Annual Value of the Framework Agreements is estimated at £24m. Over four years the value will be £96m.

The procurement process is at the stage where Cabinet approval is required in order to award the contracts as per the schedule in the Part 2 report. Framework contracts to commence 31 May 2019 and Term Contracts 1 July 2019.

During their term, these contracts will provide sufficient flexibility to account for the changes in the property estate.

Because of the commercial sensitivity the details of assessment results have been circulated as a confidential Part 2 of this report.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet approves the award of contracts for the provision of Hard Facilities Management services
 - a) For Framework Agreements at an estimated annual value of £24m. Over 4 (3+1) years the value will be £96m.
 - b) For Term Maintenance Contracts at an estimated annual value of £7.5m. Over the maximum 7 (5+1+1) years the value will be £52.5m.

The Awards will be made to the companies listed in the schedule below.

2. Cabinet delegates authority to award contracts exceeding £500k in value, where a mini competition tender procedure has been followed under the Framework arrangements, to the Executive Director Customers, Digital & Transformation, in consultation with the Leader of the Council, Cabinet Portfolio Holder, Assistant Director for Procurement, Deputy Chief Property Officer and Section 151 Officer.

Hard Facilities Management Services (Work streams)	Description of Contract	Contractor
Lifts	Term Contract	Amalgamated Lifts
Hoist / Care Equipment	Term Contract	Southern Mobility
Doors and Windows	Term Contract	Thomas Doors and Windows
Mechanical Services (SCC East)	Term Contract	Corrigenda
Mechanical Services (SCC West)	Term Contract	BTU
Electrical Services (SCC East)	Term Contract	Corrigenda

Electrical Services (SCC West)	Term Contract	Apleona
Fabric Services (SCC East)	Term Contract	Apleona
Industrial Doors	Term Contract	Apleona
Legionella	Term Contract	3C Environmental
Mechanical Services up to c£100k	Framework	Edgar & Wood Mechanical Services Ltd. EMCOR Group (UK) Plc CEI Electrical Limited GE Building Services Paine Manwaring Ltd Corrigenda Ltd
Mechanical Services over c£100k	Framework	Edgar & Wood Mechanical Services Ltd. EMCOR Group (UK) Plc CEI Electrical Limited Corrigenda Ltd Paine Manwaring Ltd
Electrical Services up to c£100k	Framework	GE Building Services EMCOR Group (UK) Plc CEI Electrical Limited A J Taylor Electrical Contractors Niblock Building Contractors Paine Manwaring Ltd
Electrical Services over c£100k	Framework	EMCOR Group (UK) Plc A J Taylor Electrical Contractors CEI Electrical Limited G M Monk Ltd
Building Works up to c£100k	Framework	GE Building Services Colours Decorating Ltd Bramber Construction Co. Ltd Walker Construction (UK) Ltd Fowler Building Contractors Ltd R B Construction Group Ltd Knightsbridge Property Services Managing Property Maintenance Limited
Building Works c£100k - £300k	Framework	Whitescape Construct (Southern) Ltd West End Roofing & Construction Ltd Management and Construction Services Limited Colours Decorating Ltd Fowler Building Contractors Ltd Knightsbridge Property Services

Building Works Generally above £300K	Framework	Management and Construction Services Limited Whitescape Construct (Southern) Ltd Cosmur Construction Ltd
Flat Roofing up to c£100k	Framework	West End Roofing & Construction Ltd TROJAN ROSE LIMITED M&J Group (Construction & Roofing) Ltd Knightsbridge Property Services G Baker Roofing Ltd Clarke Roofing Southern Ltd
Flat Roofing over c£100k	Framework	Breyer Group Plc West End Roofing & Construction Ltd M&J Group (Construction & Roofing) Ltd TROJAN ROSE LIMITED Clarke Roofing Southern Ltd Niblock Building Contractors
Asbestos Removal Works	Framework	European Asbestos Woods Building Services Ltd PA Group UK Limited Ductclean (UK) Ltd Erith Contractors Ltd. Keltbray Limited t/as Keltbray Environmental Solutions Amstech Group Limited
Doors and Windows up to c£100k (SCC)	Framework	Effective Innovations Limited t/a Feature Architectural Fabrications Niblock Building Contractors Wessex Window Systems
Energy certification	Framework	Energy and Compliance Technology Limited

REASON FOR RECOMMENDATIONS:

The existing term contracts will expire on 30 June 2019.

The recommended suppliers offered overall best value for money in the procurement process.

The proposal supports the council's statutory obligation to provide premises which comply with the Health and Safety at Work Act 1974, and will support the uninterrupted provision of the service. It will generate employment benefits for Surrey and £222k per annum in Social Value. Detailed assessment of the offers received is circulated in Annex A Procurement Process and in Part 2 of the report.

The new Orbis Hard Facilities Management Term Contracts and Framework Agreements will offer a common offering to customers where appropriate

complemented by a strategic supply chain and performance management approach.

Cabinet will exercise control over commitment of expenditure via a forward plan tracker and Member updates.

DETAILS:

Business Case

1. Property Services is responsible for delivery of Hard Facilities Management services with a budget estimated of £31.5m per annum. These services includes the provision of building maintenance projects, statutory maintenance and responsive repairs.
2. Orbis Property Services (OPS) have developed a strategy and business plan which is now in the process of being delivered.
3. The works and services relate to civic offices, historic buildings, operational and commercial buildings, social care premises, educational establishments and schools but exclude council housing and highways. The

Options Considered

4. A number of options were considered including the use of frameworks for all requirements, the use of existing external framework agreements and procuring the works individually as they arise. These have been detailed in Annex A Procurement Process paper.
5. The preferred option which we are recommending to the Cabinet is the use of a combination of work streams as listed above utilising both frameworks and term contracts. This option offers the best approach to achieving the desired outcomes of the Hard FM Procurement Strategy. It allows providers of different shapes and sizes to demonstrate their ability to deliver services on a single or multiple works and service basis.

Procurement Strategy

6. The Frameworks and Term Contract arrangements ensures the most appropriate route to market for these services. SCC will be able to deliver the maintenance services required over the next four (3+1) years for the Frameworks and seven (5+1+1) years for the Term Contracts. The timings are staggered to ensure that the two tender exercises do not clash again in the future.
7. Orbis Procurement (OP) has been working with OPS to fully understand the requirements or the service, end users, current supply chain structure and the wider market, with a need to create budget stability from new long term contracts and reduce the total cost of delivery.
8. Work has been carried out across all three Orbis Partners to align contract dates and requirements and where appropriate establish common specifications and ways of working i.e. work streams. Due to

the current arrangements' imminent expiration in Surrey County Council we are now in a position to award contracts starting at various dates from 29 April 2019.

9. The objectives of the contracts put an emphasis on the delivery of Social Value benefits in the local community such as creation of employment, training and apprenticeships opportunities for residents and contracting opportunities for local contractors
10. This procurement identified through a compliant OJEU process following Public Contracts Regulations the most appropriate combination of providers to provide innovative, best value outcomes to all OPS customers
11. The method of selection of a contractor from the Framework will be a mini-competition. The Contracting Authority may invite all Framework Providers in each Lot to tender in a mini-competition. Alternatively, the Contracting Authority may choose to use a short listing process to limit the number of Providers who would be invited to a mini-competition in order to reduce the cost to suppliers and the Council of abortive tendering.
12. There is no guaranteed minimum level of spend or volume of work under the Hard Facilities Management contracts.
13. There is an upper limit of c£1m on the value of individual contracts which can be awarded under these Frameworks.
14. Detailed assessment of the offers received is circulated in confidential Part 2 of the report.
15. The detailed information about the procurement process is contained within background paper Annex 1.

CONSULTATION:

16. Consultation took place across various members of Procurement and Property Services of Surrey County Council, East Sussex County Council and Brighton and Hove City Council. Officers have been involved in the procurement of the Frameworks and Term Contracts, feeding in their expert knowledge around the design of the specification and evaluating tenders and agreeing contract award. Legal Services were also consulted to ensure that what was being proposed was legally compliant. Financial Services were consulted to determine minimum acceptable level of tenderers' financial stability.
17. The results of the evaluation of the Tender and proposed awards amongst the three Orbis Partners were reviewed by each OPS Partner to ensure that there would be Sovereign Authority approval from each Orbis Partner to proceed to contract. The East Sussex and Brighton and Hove Partners within OPS decided that for them, the results of the tender exercise did not meet their overall needs as regards pricing and local supply and have declined to make awards.
18. Surrey's review found that even in a difficult market, the Framework agreements gave a good spread of competent suppliers providing

opportunity to realise savings in the future and that the Term Contracts would provide an equitable position compared to the current contracts.

RISK MANAGEMENT AND IMPLICATIONS:

19. These contracts do not commit SCC to purchase any works or services. Commitment to purchase will only be made by SCC when it enters into legally binding contracts under the terms of the Frameworks and Term Contracts.
20. SCC does not guarantee the value or volume of instructions it may place with any of the contractors under the Frameworks and Term Contracts.
21. The contracts include a termination clause, this will allow the council to terminate the contracts giving three months' notice.
22. All contractors have successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the pre-qualification stage in order to be invited to tender. The Framework Management Team will be carrying out financial and insurance checks regularly in order to ensure that the contractors meet the minimum criteria during the life of the Frameworks and Term Contracts.
23. For Term Contracts exceeding £2m in value the recommended tenderers will provide security for performance in accordance as described in Procurement Standing Orders.

Financial and Value for Money Implications

24. Of the total estimated SCC spend of £31.5m per annum circa £24m per annum will be spent via the Frameworks and the balance of £7.5m via the Term Contracts.
25. Control will be exercised over commitment of expenditure via a forward plan tracker and member updates.

Section 151 Officer Commentary

26. The estimated level of expenditure in this report is included in the current Medium Term Financial Plan. Property Services is expected to have in place appropriate controls to ensure hard facilities management purchased through the framework and term contracts are necessary within the context of the Council's financial situation.
27. The Section 151 Officer notes the delegation of authority and that any award of contract will be on the basis of prior approval to proceed with each project. Further control and oversight is provided by the requirement for the Section 151 Officer to be consulted prior to the award of contract.

Legal Implications – Monitoring Officer

28. Section 2 of the Health and Safety at Work etc. Act 1974 created a general duty on the Council as an employer to ensure the health, safety

and welfare at work of its employees. That duty specifically requires the Council to provide maintenance of plant and systems at work so that they are safe and without risk to health. Under section 3 of that Act the Council has a general duty to not expose persons who are not in its employment to risks to their health and safety. The procurements that have been done will ensure that the Council can be seen to be complying with these statutory obligations.

29. The Council has complied with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders in its conduct of these procurements for Hard Facilities Management Services. It has done so by advertising its requirements in the Official Journal of the European Union by publishing Contract Notices for the services required and by running competitions between potential suppliers to identify those best able to meet the needs of the Council. The Council has complied with its statutory requirement to procure Best Value under the Local Government Act 1999.

Equalities and Diversity

30. All works done will be compliant with the Equalities Act 2010.
31. Bidders were advised in the ITT and SQ that they would be expected to complete and deliver Social Value in accordance with the Orbis Social Value Measurement Charter and the BHCC Social Value Pledge. This will result in employment, training and apprenticeships opportunities for residents.
32. Social Value for each Framework Agreement holder has been defined as per the following:

On the Term Contract:

33. It is a requirement that Service Providers will deliver 5% of the Term Contract value with a minimum of £10,000 of Social Value per annum as calculated by reference to the Social Value Charter. The exceptions to this are Lot 2 Hoist and Care Equipment, Lot 3 Doors and Windows, Lot 10 Legionella Reports and Lot 11 Asbestos Reports. These will attract a 5% target each due to the lower expected value of these contracts.

On the Framework Agreement:

34. It is a requirement that Service Providers will each deliver a minimum baseline of £2,000 of Social Value per annum as calculated by reference to the Social Value Charter. This amount is irrespective of whether the Service Provider has been successful in being appointed to any call off contracts under the Framework.
35. Service Providers that are successfully appointed under mini competitions and direct awards will be required to deliver a minimum of 5% of the call off contract sum as Social Value, as calculated by reference to the Social Value Charter.
36. Following award of Term Contracts and Frameworks to Service Providers the Employer will host a workshop to further explain the principles of the Framework's approach to Social Value to ensure the appointed Service

Providers understand how Social Value can be delivered as part of the Term Contract and Framework Objectives.

37. The Contract Manager will be tasked with ensuring that the Framework holders deliver the agreed level of Social Value as part of their overall performance management duties.
38. The individual Term Contract managers will be responsible for ensuring that the contract holders deliver the agreed level of Social Value as part of their overall performance management duties.

Environmental Sustainability Implications

39. The design philosophy used for maintenance replacement projects is to create new elements that will support low energy to meet or exceed the requirements of Building Regulations in terms of thermal insulation and energy consumption.

Safeguarding responsibilities for vulnerable children and adults implications

40. Where appropriate, contractors' staff will be required to be DBS checked and approved and all works will be carried out in accordance with the SCC safeguarding policies.

WHAT HAPPENS NEXT:

41. Surrey County Council enters in to term and framework contracts to provide Hard Facilities Management services with an annual value of approximately £31.5m.
42. The proposed delegated authority requested above will be used to award individual contracts under the Frameworks. Exercise of the delegated authority will facilitate timely and speedy delivery of these projects.
43. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including the end of 'call in' period)	26 March 2019 (1 April 2019)
'Alcatel' 10 day Standstill Period ends	16 April 2019
Contract Signature	29 April 2019 to 31 May 2019
Mobilisation Period/Inception Meetings	29 April to 1 July 2019
Contract Commencement Date	31 May to 1 July 2019

44. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

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Consulted:

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Annexes:

Annex 1 – Procurement process

Confidential Part 2 Annex

Sources/background papers:

All background papers used in the writing of the report should be listed, as required by the Local Government (Access to Information) Act 1985.