



Report for:	Cabinet
Date of meeting:	20 September 2016
Part:	1
If Part II, reason:	

Title of report:	Facilities Management Service – Award of Contract
Contact:	Graeme Elliot, Portfolio Holder for Finance & Resources David Skinner, Assistant Director (Finance & Resources) Author/Responsible Officer Ben Hosier, Group Manager Commissioning, Procurement & Compliance
Purpose of report:	To seek Cabinet approval to award a contract for the delivery of Facilities Management Services.
Recommendations	<ol style="list-style-type: none"> 1. To award a 5-year contract (with an option to extend for a further 2 years) to Interserve (Facilities Management) Ltd for the delivery of the Facilities Management Services (FMS). 2. To delegate authority to the Corporate Director Finance & Operations in consultation with the Portfolio Holder, Finance & Resources, to initiate the 2 year extension period subject to satisfactory financial and operational performance, and that any extension is within budget. 3. To delegate authority to the Portfolio Holder, Finance & Resources to extend the scope of this contract to include the buildings/assets in Phase 2 (Berkhamsted Civic Centre, Tring Town Hall and Hemel Hempstead Old Town Hall), subject to the delivery of a business case demonstrating the benefits of such inclusion, and that any extension of scope is within budget. 4. To report back to Cabinet to seek approval to extend the scope of this contract to include the

	<p>buildings/assets in Phase 3 (any other buildings/assets where it was felt it may be beneficial to be included), subject to the delivery of a business case demonstrating the benefits of such inclusion, and that any extension of scope is within budget.</p>
Corporate Objectives:	<p>The delivery of the FMS at the Forum supports the delivery of an efficient and modern Council which is one of the priorities of the Council's vision.</p>
Implications:	<p><u>Financial</u></p> <p>The cost of the FMS is made up from 2 elements.</p> <ul style="list-style-type: none"> • The first element is the lump sum charges and these are the known costs for services that will be constantly delivered each month (portage services, security, cleaning etc.). • The second element is the 'New Works' process, these costs are unknown and will be delivered on an ad-hoc basis as required (building repairs over £500 (comprehensive liability threshold), specialist waste disposal, locksmith services etc.). <p>Due to the second element of the costs we are unable to provide a precise contract value, but can confirm that the cost of the FMS contract will be covered from within existing budgets.</p>
'Value For Money Implications'	<p><u>Value for Money</u></p> <p>The award of this contract from the Crown Commercial Services (CCS) framework agreement will have the following implications on value for money;</p> <ul style="list-style-type: none"> • A consistent approach to specifications, a common set of service level requirements and standards, a standard set of terms and conditions, scope and key performance indicators. • Addresses sustainability issues by incorporating the Government Buying Standards, energy efficiency, water consumption and waste minimisation. • Reduced fees for poor performance meaning that poor performance will result in reduced payments to the suppliers. • Value for money is gained through better management of cost and performance data. • NEC3 Term Services Contract is the form of contract to be used for call-off contracts; it includes 10 key performance indicators including one for innovation/gain share. • Savings in the region of 15% through better buying, leverage, aggregation and standardisation.
Risk Implications	<p>The awarding of this contract has been carried out in full compliance with the Council's procurement rules and as a consequence the risk of any challenge from an unsuccessful</p>

	<p>bidder is very low.</p> <p>With regards to the risks associated with the delivery of the FMS contract, these have been addressed through the evaluation of the bids for the 'Mobilisation' period and for the ongoing 'Operational Delivery' of the contracts.</p> <p>Appropriate risk management methodologies are built into the contract and the monitoring of performance to ensure that risks are identified and managed throughout the duration of the contract.</p> <p>Additional quality assurance was requested from Cushman and Wakefield and Eversheds to review the specification and drafting of the contract.</p>
Community Impact Assessment	A Community Impact Assessment is not required for the award of the FMS contract.
Health And Safety Implications	<p>Health & Safety is of paramount importance for the delivery of the FMS contract.</p> <p>Appropriate Health & Safety requirements have built into the contract and the monitoring of performance to ensure that Health & Safety issues are identified and managed throughout the duration of the contract.</p>
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>The proposed award of contract follows a regulated procurement process which was procured via the CCS Framework Agreement.</p> <p>The procurement process has been quality assured through support on the technical specification by Cushman and Wakefield and legal support (contract drafting) by Eversheds Solicitors. Accordingly, the Monitoring Officer is satisfied that the contract can be awarded.</p> <p>Deputy S.151 Officer</p> <p>The lump sum charges can be met from within existing approved base budgets. There is also sufficient budget for a prudent estimate of "new works". Any additional works that incur significant costs would be subject to normal financial control measures which would include monitoring and reporting and if necessary seeking additional approvals either in year or through the budget setting process.</p>
Consultees:	<p>Cabinet</p> <p>Corporate Management Team</p> <p>David Skinner, Assistant Director (Finance & Resources)</p> <p>Nicholas Brown, Group Manager (Commercial Assets & Property Development)</p> <p>Ben Hosier, Group Manager (Commissioning, Procurement & Compliance)</p> <p>Tony Moore, Surveyor (Building Services) Surveyor</p> <p>Mark Housden, Lead Officer (Commercial Contracts)</p>

	Anne Stunell, Team Leader (Human Resources)
Background papers:	Procurement report attached (Part II)
Glossary of acronyms and any other abbreviations used in this report:	<p>FMS - Facilities Management Service</p> <p>CCS – Crown Commercial Services</p> <p>KPI – Key Performance Indicator</p> <p>PI – Performance Indicators</p> <p>MI – Management Information</p>