

REQUEST FOR DMPC DECISION – PCD 303**Title: Facilities Management (FM) Integrator Services – Supply Chain Retender****Executive Summary:**

MOPAC approved the initiation of this procurement route in January 2016 for a range of facility management (FM) functions. KBR as the MPS appointed FM Integrator carried out the procurements. There are a range of initial contract periods (3, 5 or 7 years) depending on the service, and options for annual extension periods. The multi-year and multi-organisation framework value is up to £821.6m. The multi-year call off contract awards for MOPAC is valued at up to £447.5m, for which provision has been made within the MPS budget.

Recommendation:

The DMPC is recommended to approve

1. The award of fourteen multi-year single supplier framework agreements, which are accessible to all members of the GLA family, the City of London Corporation and various police forces, valued at £821.6m.
2. The award of fourteen multi-year MOPAC single-supplier call-off contracts for a period of either three years or five years with two one-year optional extension periods, or seven years with three optional extension periods, called-off under the above framework agreements, at a total contract value of £447.5m

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature*Sophie Hender***Date***05/02/18*

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. In September 2013 Kellogg, Brown and Root (KBR) were appointed as the Facilities Management (FM) Integrator, acting as a first tier supplier for a range of property FM related services, and managing the second tier supply chain. Following a first iteration of second tier tenders and contract awards, a number of these contracts are now scheduled for retender and award.
- 1.2. The decision to re-tender these contracts was approved in January 2016, DMPCD 2016 09.

2. Issues for consideration

- 2.1 The nature of the 14 single-supplier framework services are set out in Appendix 1 and cover a range of facility management services such as cleaning, grounds maintenance, reprographics and waste management. A full OJEU restricted tender process has been carried out on each of these tenders.
- 2.2 The length of the contracts vary from an initial 3, 5 and in one instance 7 year term, with options for 2 or 3, 12 month extensions. Prices are fixed for the first 3 years of the contract with further post year 3 increases capped at inflation.
- 2.3 In all cases bar one the highest overall scoring bidder has been recommended for award. The exception arises from a MPS contract requirement that the same supplier cannot be awarded both of the North and South lots for M&E and General Works.
- 2.4 The pricing structures have been established to enable the addition or removal of volumes of work in order that changes anticipated arising from the effect of Estates transformation can be taken into account. There is no guarantee of any specific volume of work for these contracts.
- 2.5 All of the recommended tenderers have confirmed their compliance with the GLA Responsible Procurement policy.

3. Financial Comments

- 3.1 For all 14 contracts the multi-year framework values accessible to all GLA members, City of London and various police forces is £821.6m. The MPS call-off contract values for all 14 contracts is £447.5m, for which provision has been made in the approved budget.

4. Legal Comments

- 4.1 The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). All awards of public goods or services contracts valued at £164,176 or above must be procured in accordance with the Regulations.
- 4.2 This report confirms the framework agreements are eligible for use by the members of the Greater London Authority, the City of London of Corporation and various police forces.
- 4.3 Paragraph 4.13 of the Scheme provides that the Deputy Mayor for Policing and Crime reserves the right to call in proposals to approve award MPS contracts valued at £500,000 or above.

5. Equality Comments

- 5.1 There are no equality or diversity implications arising from this report.

6. Background/supporting papers

MPS Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? No

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – Yes

ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Chief Financial Officer has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature *R. Lawrence*

Date *23/01/18*

Facilities Management Services – 2018 Re-tender Property services FM Integrator Supply Chain contracts – Tranche 1

Report by KBR on behalf of the Deputy Commissioner

EXECUTIVE SUMMARY

Award of fourteen single supplier framework agreements, which are accessible to all members of the GLA family, the City of London Corporation and various police forces.

Award of fourteen MOPAC single-supplier call-off contracts for a period of either three years or five years with two one-year optional extension periods, or seven years with three optional extension periods.

A. RECOMMENDATIONS - That

1. The award of fourteen single-supplier Framework Agreements as listed below. These framework agreements will replace existing contracts, with the majority due to expire on the 29th April 2018.
 - Provision of Cleaning services
 - Provision of Security, Mail, Porterage and Front of House
 - Provision of Grounds Maintenance services
 - Provision of Pest Control services
 - Provision of Laundry and Cell blankets
 - Provision of Inspections & maintenance services for communication masts and towers
 - Provision of Mechanical, electrical, general building works and locksmiths (North & South)
 - Provision of Clinical and offensive waste management services
 - Provision of General, recycling, hazardous, WEEE and horse waste management services
 - Provision of Reprographic services
 - Provision of New Furniture services
 - Provision of Furniture, relocation, storage, re-use and crate hire
 - Provision of Special Event Services
2. The revenue funding to support this contract is allocated within Property Services budget lines. Capital expenditure will be funded with the Property Capital Programme.

B. SUPPORTING INFORMATION

Background

3. MOPAC's expenditure over the contract term is anticipated to be £447.5M dependent on the volume of reactive works and changes to the estate.
4. The expected reduction in the size of the Estate may impact the provision these services in the areas of:
 - An increase in the volume of work in locations that are subject to an increase in occupancy and use of equipment, and a reduction in the volume of work overall due to a fewer number of in-scope locations.
 - The Financial Models for these services are structured in a manner that enables accurate assessments of costs to be added or removed as a result of changes to the Estate during the contract term.

Procurement Route

5. A full OJEU Restricted tender has been undertaken in accordance with Public Contract Regulations 2015. The current OJEU threshold for Services is £164,176 which these frameworks exceed in terms of financial capacity.

Value for Money

6. Bidders were requested to submit rates for planned and reactive works which are fixed for the first three contract years and subsequently, subject to negotiated increases capped at inflationary indexation for the remaining of contract period. There is no exclusivity or guaranteed volumes / spend levels.
7. Rates for a 3+1+1 and 5+1+1 contract terms were requested at tender to establish which offered best value for MOPAC. A 7+1+1+1 contract term was requested for Special Event Services only.

Contractual Considerations

8. Appointment to the framework / call-off agreement does not guarantee any specific volume of work or fee income, nor will any minimum volume guarantee be given.

Equality and Diversity

9. There are no negative equality or diversity implications arising from this procurement process. All bidders were evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as a supplier to MOPAC. The evaluation exercise considered their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.
10. MOPAC have the ability to procure disability friendly equipment (where required) through this contract.

Responsible & Sustainable Procurement

11. MOPAC is a signatory and contributor to the GLA's Responsible Procurement Policy and its key commitments confirmed below:
12. "We will strive to ensure that decisions taken by members of the GLA Group on the procurement of goods, works or services and/or in relation to the provision of grant funding or financial assistance are undertaken in line with our commitments set out in this document under the six following themes:

- Enhancing social value
 - Encouraging equality and diversity
 - Embedding fair employment practices
 - Enabling skills, training and employment opportunities
 - Promoting ethical sourcing practices
 - Improving environmental sustainability.
13. Wherever possible commercial relationships will be formed and nurtured with partnering and contracting organisations who share our values on responsible procurement".
 14. Throughout the tendering process all of the above themes were communicated, tested and evaluated as part of each companies bid. The key themes from the GLA Responsible Procurement Policy were incorporated into the procurement process through use of specific questions that were evaluated by subject matter experts.
 15. Some examples of this include:
 - Publication of various MPS policies
 - GLA (draft) & MPS Responsible Procurement Policy
 - MPS Health & Safety Policy
 - Environmental & Sustainability Management Framework
 - Discretionary Exclusion Questions relating to breach of certain obligations under Public Contract Regulations 2015 (Reg. 57) at SSQ stage.
 - Questions in relation to Modern Slavery Act 2015 and Equalities Act 2010.
 - Questions in relation to The Public Services (Social Value) Act 2012, Responsible Procurement, Living Wage, Ethical Sourcing, Supplier Diversity & Apprenticeships, Skills & Training at ITT stage.

Small and Medium Enterprises (SME)

16. The total number of ITT responses submitted by SMEs was 13, of which 4 are recommended for award.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

17. There are no negative equality or diversity implications arising from this procurement process. All bidders were evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as a supplier to MOPAC. The evaluation exercise considered their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.

Financial Implications / Value for Money

18. The MPS currently spend on average £55M p.a. on the 14 FM contracts that form the basis of this paper (as per Appendix 2). Costs are met from the property services budget.

19. Through investing £837M capital (excluding Optimum Bias), the Estates Transformation Plan will enable the rationalisation of the estate, generating capital receipts of £396M, and delivering revenue savings of £56M as part of the overall financial strategy.
20. The contracts range in total from five to ten years when optional extension are taken into account. Prices are fixed for the first three years and subsequently, subject to negotiated increases capped at inflationary indexation for the remaining contract period. The total contract value of £447.5M therefore includes an additional anticipated inflationary increase of 2.7% for years four onwards. Provision has been made within the Medium Term Financial Plan to meet the cost of the inflationary impact.

Legal Implications

21. The MPS Department of Legal Services have reviewed this award business justification paper.

Consultation undertaken

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Design Authority	Supportive
Your Finance Business Partner	Supportive
Strategic Secretariat	Supportive
Portfolio Transformation Office for Benefits	Supportive
Strategic Diversity & Inclusion	Supportive
Business Change	Supportive
Property Services / Environmental Management	Supportive
Director of Strategic Procurement	Supportive
Director of Commercial and Finance	Supportive

Risk (including Health and Safety) Implications

22. Full Health and Safety requirements have been considered and reviewed as part of this procurement tender exercise, including a full review of commercial risks, which have been reviewed and agreed with the MPS.

Real Estate and Environmental Implications

23. There are no additional environmental risks arising from this request.
24. The Integrator has worked closely with the Authority's Environment and Sustainability Team to ensure that a supply chain is procured which has an environmental capability relating to service delivery aligned to Authority's sustainability programmes.
25. The Integrator and the Authority have developed a set of contractual provisions for suppliers working with the Authority, including a set of robust requirements relating to sustainability embedded in the contracts. In addition, the Integrator has developed a Contract Health, Safety and Environment plan which sets out how the Integrator contract will be delivered in a way which meets the Authority's sustainability standards and environmental compliance, and where applicable, industry best practice.