

## REQUEST FOR DMPC DECISION – PCD 123

**Title: Property Services FM Integrator Supply Chain Contracts Tranche 1**

### Executive Summary:

This paper requests approval to award four framework agreements and four call off contracts.

### Recommendation:

The DMPC is asked to

1. Approve four single supplier framework agreements for a period of four years for the delivery of FM services to a maximum value of £31.7m.
2. Approve four call-off contracts under the FM Service Framework agreements at a total contract value of £25.6m. The contract period will be for five years with two one year optional extension periods. These are to be awarded to the following suppliers:
  - Security Solutions – Supply of Gates, Barriers and Doors including Maintenance Service. Total contract value of £9,212,113.
  - Industrial Security Doors – The Supply of Roller Shutters and Security Windows Maintenance Service. Total contract value of £2,754,555.
  - Guideline Lift Services Ltd – The Supply of Lifts and Lifting Equipment including Maintenance Services. Total contract value of £12,118,644.
  - TSL Inspections – The Provision of Statutory Inspection Services for Lifts. Total contract value of £1,520,876.

### 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

*Spivey Henderson*

Date

*26/01/17*

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The MPS approved the award of a collaborative framework agreement and a call-off contract with Kellogg, Brown and Root Ltd (KBR) in March 2013. KBR delivers the Facilities Management (FM) Integrator Services as part of the Integrated Model for FM Services for both MOPAC and the MPS.
- 1.2. As part of the Facilities Management Services – Integrator Sourcing Strategy – 2017/18, KBR reviewed the performance of each of the current contracts to establish which should be considered for extension for a further year and which should be retendered

#### **2. Issues for consideration**

- 2.1. KBR identified seven contracts that should be retendered. The four framework agreements and four call-off contracts from the aforementioned framework agreements are among those contracts.
- 2.2. The strategy identified the potential that a longer contract period may provide better value for money. Eleven bidders return compliant bids and were evaluated on the following criteria; technical information, commercial information and pricing information.
- 2.3. These are discussed in the Part 2.

#### **3. Financial Comments**

- 3.1. The funding for these contracts is contained within the Property Services' revenue budget and the Property Capital programme.
- 3.2. To enable the MPS to benefit from improved value for money. The MPS requested bidders to submit tenders for three and five years, with two one year extensions. The MPS analysed the benefits of using longer contract periods and will realise a saving of 1.63% over the four contracts
- 3.3. Further issues are discussed in the Part 2.

#### **4. Legal Comments**

- 4.1. There are no legal implications arising from this report.

#### **5. Equality Comments**

- 5.1. The sourcing strategy builds on and brings the opportunity to attract local and SME providers in the the MPS's supply chain. All contracts will meet the requirements of the Equalities Act 2010.

#### **6. Background/supporting papers**

- 6.1. None.

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

**Part 1 Deferral:**

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

**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

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

**ORIGINATING OFFICER DECLARATION:**

	Tick to confirm statement (✓)
<b>Head of Unit:</b> The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.	✓
<b>Financial Advice:</b> The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
<b>Equalities Advice:</b> No Equality and Diversity issues identified.	✓

**OFFICER APPROVAL****Chief Executive Officer**

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

26/1/17



**Facilities Management Services – Property Services FM Integrator Supply Chain  
Contracts - Tranche 1**

**Investment Advisory Board**

**Report by KBR on behalf of the Deputy Commissioner**

**EXECUTIVE SUMMARY**

MOPAC approved the "Facilities Management Services - Integrator Sourcing Strategy - 2017/18" on the 21st January 2016.

This report details the results of these tenders and seeks the approval from MPS Portfolio & Investment Board and MOPAC Investment Advisory Board for:

1. The award of four multi-supplier (single supplier per lot) framework agreements for a period of four years at a maximum value of £31.7 million.
2. The award of four MOPAC call-off contracts for a period of five years with two one year optional extension periods; at a total contract value of £25.6 million for the following four services:
  - Gates Barriers and Doors (£9,212,112.50)
  - Roller Shutter and Security Windows (£2,754,555.00)
  - Lifts and Lifting Equipment Maintenance (£12,118,643.80)
  - Statutory Inspection for Lifts (£1,520,876.30)

The frameworks are compliantly accessible to London Fire and Emergency Planning Authority (LFEPA) during the agreement term.

**A. RECOMMENDATIONS - That**

1. The award of four single-supplier framework agreements, also accessible by London Fire & Emergency Planning Authority (LFEPA), for a period of four years for the delivery of FM Services to a maximum value of £31.7 million.
2. the award of four MOPAC/MPS call-off contracts for a period of five years with two one-year optional extension periods; called-off under the aforementioned FM Services framework agreements at a total contract value of £25.6 million. The revenue funding to support these contracts is held within the existing Property Services revenue budget. Capital expenditure will be funded from within the Property Capital Programme.

## B. SUPPORTING INFORMATION

### Background

1. In March 2013, MOPAC approved the award of a collaborative framework agreement and call off contract to Kellogg, Brown & Root (KBR) Limited to deliver Facilities Management (FM) Integrator Services in support of the MOPAC/MPS Integrated Model for Facilities Management (FM). The Integrator manages the procurement on behalf of the Authority.
2. Between February 2014 and August 2015, MOPAC approved the award of 30 second tier call off contracts for a wide range of Facilities Management (FM) and Operational Support Group (OSG) services procured by the Integrator on behalf of MOPAC.
3. On the 21 January 2016, MOPAC approved the "Facilities Management Services - Integrator Sourcing Strategy - 2017/18". In developing this sourcing strategy, the Integrator worked with Property Services and Commercial Services to review the performance of each of the current contracts to establish which could be considered for extension for one further year and which should be re-tendered.
4. The Integrator initiated procurement action on behalf of MOPAC in readiness of those second tier supply chain contracts, which will expire in 2017 and 2018. The Integrator has since commenced a series of restricted OJEU tenders. The full list of FM Services tendered is included in Appendix 5 part 2.
5. The services were advertised in OJEU as framework agreements, and will be open to MOPAC and London Fire & Emergency Planning Authority (LFEPA). This approach is consistent with the original FM strategy that focused on collaboration across the Greater London Authority (GLA). Since implementation of the FM Integrator Model, extensive consultation has taken place across the GLA resulting in LFEPA awarding a contract from the MOPAC FM Integrator Framework Agreement in 2015. Transport for London opted to pursue a separate FM procurement strategy. Police forces have been engaged with as part of the Collaborative Law Enforcement Programme (CLEP) and as such the integrated model has been considered a pilot for potential use by police forces in the future.
6. This paper recommends the award of four new framework agreements commencing 30 April 2017, and the award of four call-off contracts from the aforementioned framework agreements.

### Procurement

7. In June 2015, the Integrator in collaboration with the Property Services Department undertook an objective review of the performance of the current FM supply chain. Objective qualitative and quantitative criteria were used to score the commercial and performance of each FM tier two suppliers (further details can be found in the sourcing strategy paper 21 January 2016).
8. This review identified seven contracts where it was agreed to re-tender these FM Services.

### Market engagement

**Not Protectively Marked**

9. The Integrator issued the Prior Information Notice (PIN - 9YVD0EJHF78) on 1st September 2015 and issued the OJEU notices on the 5th March 2016 for the six packages being tendered (which includes the thirteen lots) – the full list can be found in Appendix 5 part 2.

**Sourcing Strategy**

10. The sourcing strategy was approved by MOPAC on 21 January 2016. The strategy identified the potential that a longer contract period may provide better value for money. Tenderers were asked to submit prices for a three and a five year base contract, with two one year optional extension periods, totalling five and seven years respectively.

**Tender evaluation criteria**

11. A total of eleven bidders returned compliant ITTs for the four lots recommended for award and these were evaluated as below:

*Table 1 - ITT evaluation criteria*

<b>Criteria</b>	<b>Title</b>	<b>Weighting</b>
<b>A</b>	<b>Technical Information</b>	<b>40%</b>
<b>B</b>	<b>Commercial Information</b>	<b>10%</b>
<b>C</b>	<b>Pricing Information</b>	<b>50%</b>

**Technical**

12. Bidders were asked to provide a technical response containing a statement of compliance with the schedule of requirements, an outline description of their solution in meeting the requirements set out in the specification, a method statement and detailed resourcing information.

13. Bids were required to include their approach to meeting MPS Information Security Requirements, managing TUPE, performance management, gain share proposals, mobilisation, service development, exit planning and Corporate Social Responsibility.

**Commercial**

14. The first was a series of commercial questions that the suppliers were to respond to, specifically to demonstrate their ability to drive continuous improvement across their own business and their supply chain.

**Pricing**

**Not Protectively Marked**

15. The Financial Model evaluated bids calculated against planned (regular, repeatable) works, reactive works and one off costs (TUPE and mobilisation). Estimated volumes were used in preparation of reactive services, with a clear statement that no volume commitments were offered and that these volumes were to be used for evaluation purposes only.
16. The ITT evaluation model was formulated using a standard methodology that uses the lowest price to benchmark the other bids.
17. The Integrator's procurement team was not permitted to take part in the technical evaluations.

**C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS**

**Equality and Diversity Impact**

1. The sourcing strategy builds on, and brings opportunity to attract Local and SME providers into the Authority's supply chain. All contracts will meet the requirements of the Equalities Act 2010.

**Financial Implications / Value for Money**

2. With the continued pressure to achieve best value for money from the supply chain, those contracts recommended for approval fulfil this requirement.
3. The Integrator has analysed the current contract rates and the rates from the successful bidders using a like-for-like comparison of the planned and reactive fee elements; and taking into account any expected economic adjustments, have been able to demonstrate value for money under the contracts proposed for award. The benefit of longer contract periods have been analysed in the context of overall cost reduction. This analysis took place during the tender process and the savings realised by supplier's submitted discounts for longer contract periods. The combined saving for the four aforementioned lots is 1.63%.
4. The revenue funding to support these contracts are held within the existing Property Services revenue budget. Capital expenditure will be funded from within the Property Capital Programme.

**Legal Implications**

5. The Integrator does not believe that the MPS Department of Legal Services needs to be consulted in the award of this contract due the lack of contention from a legal standing.

**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



## Not Protectively Marked

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

Risk	Mitigation
TUPE Implications	<p>The Integrator has significant experience in managing the TUPE process under the MOPAC Framework and this process will be facilitated by the Integrator's subject matter experts</p> <p>There is sufficient period for mobilisation, including TUPE transfers and security vetting for these "call-off" contracts</p>
Preferred bidders withdraw prior to formal appointment	The second place bidder is technically and commercially capable. The tenders are valid for a period of six months, and the option to extend for one further year under the incumbent contracts requires three months' notice prior to contract expiry.
Supply chain not implemented by existing contract end 30 <sup>th</sup> April 2017	Potential risk recognised by the Service Delivery team. Every effort will be made to ensure efficient mobilisation of services.
Risk of challenge	<p>Compliant OJEU process included rigorous evaluation followed by moderation. Therefore, the risk of challenge is unlikely.</p> <p>Evidence of scoring and moderation is documented and readily available to provide reasoning for the chosen supplier being selected.</p>
Overspend due to increased volume of works	Spend and usage volumes will be monitored and reported by the Integrator as part of their service.
Security Clearances	<p>Advise the successful bidder as early as possible.</p> <p>Two of the contracts are incumbents</p>

### Real Estate and Environmental Implications

6. There are no additional environmental risks arising from this most recent tender. The ITT submissions included the evaluation of the associated method statements and have been reviewed by the relevant subject matter experts and deemed compliant.
7. 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.
8. 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,

**Not Protectively Marked**

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.

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**Background papers:**