

REQUEST FOR DMPC DECISION – PCD 295**Title: Facilities Management (FM) Integrator Services – Contract Variation****Executive Summary:**

The multi-year increase in the contract value is due to a) investment of £3.1m to upgrade the Building Management System which is expected to generate both energy savings and reduce costs such as engineer call outs, and b) a range of volume, price and in-scope changes accounting for £3.7m e.g. inflation, help desk volume increase, CDM Regulations work and compliance audits work. The costs will be met from within existing budgets.

Recommendation:

The DMPC is recommended to approve an increase in the FM contract of £6.8m, from £39.5m to £46.3m, to provide for changes to the FM Integrator contract

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**Date**

29/11/17

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.

2. Issues for consideration

- 2.1 The proposed change to the contract value will enable the investment of £3.1m for an upgrade in a Building Management System (BMS) to enhance the existing system. This will enable the optimisation of the use of buildings which will become more densely occupied and utilised. The investment is expected to generate annual savings of £900,000 from improved energy efficiency and reduced costs such as fewer engineer call outs.
- 2.2 In addition, the increase in the contract value will address additional costs arising from an increased volume of work i.e. additional calls to the helpdesk, inflationary increases, and extensions to the range of work undertaken by KBR which are in-scope of the contract such as undertaking compliance audits and Construction Design and Management (CDM) Regulations

3. Financial Comments

- 3.1 The increase in the contract value over multiple years is estimated to be £6.8m. This will be funded from existing budgets.

4. Legal Comments

- 4.1 All the further identified services are within the scope of the Integrator contract with KBR, as published in the original OJEU notice 2012.

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:

	<i>Tick to confirm statement (✓)</i>
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**

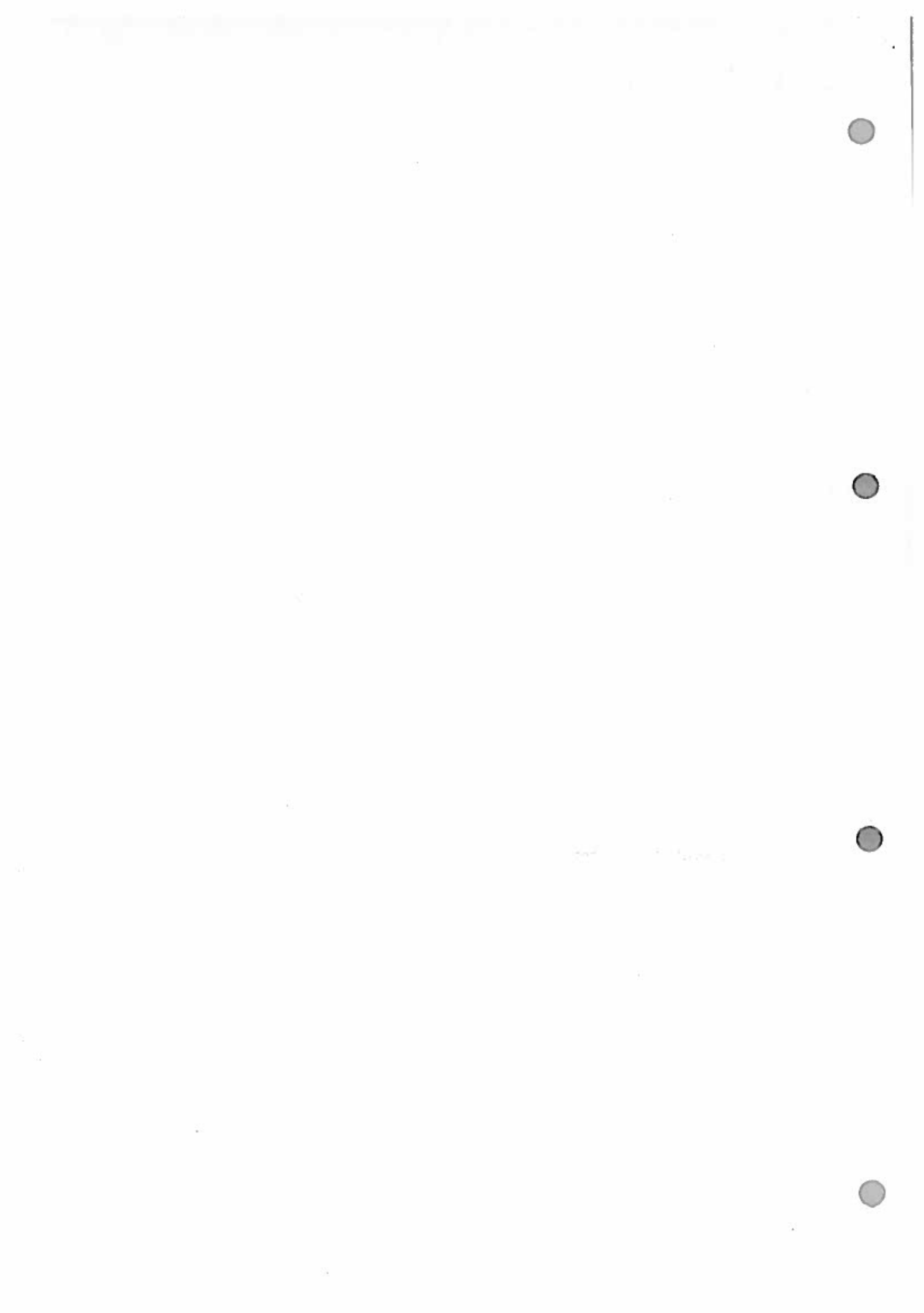
I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

22/11/17



Facilities Management Integrator Services – Contract Variation & Increase in Total Contract Value

Report by Head of Facilities Management on behalf of Director of Property Services

EXECUTIVE SUMMARY

A Report was submitted to the MPS Portfolio and Investment Board on 10th October 2017 requesting that Management Board approve the Business Justification and Award Paper to increase the existing call off Contract and Purchase Order (PO) for Facilities Management (FM) Integrator services to accommodate further identified services within the scope of the Integrator contract with KBR, as published in the original OJEU Notice 2012.

In September 2013 MOPAC approved an 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 integrator Model for Facilities Management. KBR act as a first tier supplier procuring and managing an independent second tier Supply Chain contracted to MOPAC.

The intended outcome of this collaborative relationship was to deliver contracted services within Facilities Management that would be an enabler for a reduction in the fixed costs of in house staff. Since commencement this has been highly successful and is delivering an outsourced and flexible management role delivering FM services and needs to continue doing so. This is increasingly critical to support the Estate Transformation Strategy and needs to continue to develop in overall property management.

Approval of this paper will enable the capacity within this framework to provide additional 'in scope' services that will provide flexibility to manage the estate, energy and environmental benefits and a reduction in some reactive call out costs with less resultant operational impact. This will also be within existing budgets so while this paper requests increase in this framework value and PO, there is no additional funding. Approval enables existing budgets to be expended through the Integrator framework reducing direct spend with the second tier supply chain increasing efficiency. The paper also seeks to cover costs related to administrative changes within the delivery of the service such as call volume variations and inflationary uplifts and historic change.

A. RECOMMENDATIONS – That DMPC approves:

1. An increase to the Facilities Management (FM) Integrator services Contract and PO with KBR by £6.765m over the remaining contract duration. Revising the total contract value to £46,264,795 from £39.5m.

B. SUPPORTING INFORMATION

Background

1. The increases in contract value will accommodate further identified services within the scope of the Integrator contract with KBR, as published in the original OJEU Notice 2012, specifically -
2. Development of an enhanced Building Management System (BMS) this will bring operational and environmental benefits in optimising and maintaining the MOPAC Estate. This up to date /current technology will support the pro-active management of plant, equipment and the use of energy, optimising future maintenance regimes.
3. Projected volumetric increases associated with call volumes to the Property help desk
4. Provision for inflationary contract cost uplift calculated from year 2 of the agreement (2016).
5. Appointment of KBR to undertake duties prescribed in changes to the Construction Design and Management Regulations 2015 – Principal Designer.
6. Appointment of KBR to undertake compliance audits on the MOPAC Estate, an enabler to the Property Services transformation (thin intelligent client role)
7. Appointment of specialist, in scope consultancy services to support operational policing and the implementation of the estate strategy on an interim and ad-hoc basis by way of call off from contracted tendered rates.
8. DMPC is asked to note that:
9. Developments to the BMS system will provide for energy efficiency and reduced non-essential maintenance across the MOPAC Estate. This is calculated to provide approximately £900K per annum savings (see financial implications below)
10. The existing BMS system is outdated, has poor controls and generates waste in terms of both unnecessary repair call outs and energy demand. The system has progressing obsolescence so 'do nothing' may contribute to increasing revenue running costs with an eventual system failure.
11. Through implementation of the proposed Estate Transformation Strategy the retained estate will be more densely occupied and heavily utilised. Property Services therefore need to maximise its efficiency and pro-actively manage

maintenance to minimise disruption to the operational functions undertaken from the MOPAC estate. Enhancements and investment in the BMS services are a direct enabler for this.

12. All services for which approval is sought are covered within the original procurement documentation and OJEU notice published in 2012.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

13. There are no negative equality or diversity implications arising from this contract variation. KBR were originally and all new bidders will be 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. All evaluation exercises will consider their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.

Financial Implications

14. The cost summary is included in detail in Part 2.
15. This is in part a spend to save initiative with savings being delivered by the process of a reduced estate footprint that is better utilised, and comprises fewer buildings that are more efficient and effectively managed.
16. The BMS controls will increase efficiency and energy management and will provide an anticipated benefit in the region of £500K per annum based on an anticipated 3% energy efficiency. 2016/17 data shows Electricity costs at £13.7m and Gas costs at £3m totalling £16.7m.
17. Repairs to connections and increased use of existing systems with limited controls has identified approximately £400K annual savings. These savings relate to reduced error alarms and physical call outs.
18. Once the BMS solution is in place, savings will be confirmed and included in the medium term financial plan from 2021/22 onwards.

Legal Implications

19. The use of this KBR Call-off contract provides a high degree of flexibility to us especially where the scope of works are not yet defined in volume, cost or timescale. KBR will have the ability to run mini competitions, direct award or use specific MOPAC approved routes to market to deliver specific works.

20. All further identified services are within the scope of the Integrator contract with KBR, as published in the original OJEU Notice 2012.

Risk (including Health and Safety) Implications

21. This report relates to continuation and extending existing services so has no directly impact on the health and safety of the MPS or its service delivery.

Consultation Undertaken

18.

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Director of Real Estate Management (Peter Barrett)	Supportive
Director of Property Category Management (Colin Attree)	Supportive
Head of Environment and Sustainability (Neil Grange)	Supportive
Head of Engineering (Mike Blows)	Supportive
Finance Business Partner – Property (Annabel Cowell)	Supportive

Responsible Procurement

19. There are no adverse responsible procurement implications associated with this solution.