

REQUEST FOR MAYORAL DECISION – MD1300

Title: Facilities Management Contracts Strategy

Executive Summary:

This Mayoral Decision seeks to approve the long term procurement strategy for the provision of the outsourced Facilities Management services at the GLA's core properties of City Hall, Trafalgar Square and Parliament Square Gardens. This strategy aims to drive better value and promote investment by some suppliers in certain facilities management services. The 2014 annual budget value of these contracts is c.£3.5M.

This includes extending some contracts, combining others to realise cost savings, investigating opportunities to use existing TfL/GLA Group agreements and shared services, collaboration with the GLA Housing and Land directorate and varying the contract lengths to optimise the use of resources.

Decision:

That the Mayor:

1. Approves the long term strategy for the procurement of outsourced Facilities Management services and supplies; as set out in section 3 of this decision form;
2. Approves the extensions of certain existing facilities management contracts and the procurement and award of new contracts in line with the strategy above; and
3. Approves an exemption from paragraph 3.6 of the GLA Contracts & Funding Code to allow single source procurement in respect of the catering services and pest control contract extension.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date:

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

1. Introduction and background

To support the conduct of the Greater London Authority's business at its core properties at City Hall, Trafalgar Square and Parliament Square, facilities services are provided through a combination of in-house staff and outsourced specialist service suppliers. This model aims to provide facilities and services that meet the needs of the Mayor, Assembly and Greater London Authority and that represent the best value for money. This Mayoral Decision focuses on the approach to the outsourced elements of this strategy.

In order to ensure the efficient use of resources and effective management of the outsourced contracts, a long term procurement strategy has been developed to cover the next 10 year period. The strategy aims to benefit from group wide procurement opportunities and shared services, and promote investment by suppliers in certain facilities and services. It also takes into consideration the staff resources and timescales for carrying out the necessary procurement activity and avoids the need to tender multiple complex contracts simultaneously.

The services covered under this strategy include: catering and hospitality; window cleaning and external fabric maintenance; infrastructure and internal fabric maintenance; broadcast services; cleaning and portage; waste management; supporting security services and heritage wardens; courier services; health and safety consultancy; horticulture; newspaper and journals; out of hours call handling; pest control; reprographics; archiving; technical consultancy and stationery.

2. Objectives and expected outcomes

The key objective of the strategy is to provide the Mayor, Assembly and GLA with facilities and services that meet the needs of the business and that represent best value for money at City Hall, Trafalgar Square and Parliament Square Gardens and meet all its statutory duties and obligations in relation to the management of these properties.

The GLA has a 25 year full repairing lease on City Hall which commenced in 2001 and ends in 2026, with a break clause at year 20 in 2021. Under the lease the GLA has a duty to maintain the building as well as a need to provide facilities and services that support the work of the organisation. Therefore, it is considered that technical, complex or investment intensive contracts should, where possible provide the flexibility to last to at least the break point in 2021, ie. for 8 years. Smaller, less complex contracts can be let for shorter time periods.

Under the GLA Act the Mayor has a permanent duty to cleanse, light and maintain and prevent abuses in both Trafalgar Square and Parliament Square Gardens. As the control and management of these areas is not time-limited, contracts let in these spaces can be even more flexible in terms of duration, which offers greater opportunity to gain better value for money and longer term commitment.

In all areas of its core property operations the GLA has a duty to comply with the relevant statutory health, safety and environmental legislation and having appropriate contracts in place will support ensuring that this duty is met.

The annual cost to the GLA of these contracts in 2014 is c. £3.5M. The majority of these costs are fixed however an amount of the spend is demand led by the various teams that operate in the GLA, for example the supply of paper for printing and copying, the use of courier services, hospitality and archiving.

The specific permissions for each of the 23 outsourced contracts which are covered by this Strategy are detailed below together with the anticipated procurement solution. However, the route to sourcing these facilities and services, along with the contract durations may be varied at the time of approaching the market depending on the latest professional advice given by TfL Procurement.

a) Archiving

The Archiving service for the Authority is provided by Crown Records Management Limited under a variation to the Transport for London contract. This variation was put in place in March 2011 and expires in November 2015.

Permission is sought to investigate and utilise an archiving contract established through a competitive tender by TfL or by calling off against a Government Procurement Service framework, so as to gain the best commercial advantage whilst mitigating the costs of tendering a separate GLA contract. This promotes the principles of the shared services agenda of seeking to work collaboratively with other members of the GLA Group at every opportunity.

b) Broadcasting services

The Broadcasting Contract was let in June 2011 to Bowtie Television for a period of five years with an optional extension of two years.

Permission is sought to extend this contract by two years to 2018 as per the terms and conditions set out in the agreement. Permission is also requested to commence a competitive tender exercise beginning in June 2017 and then to award a contract for a period of 6 years, with an optional extension up to 2 years, to the most economically advantageous company. Due to the specialist nature of the contract and the need for investment into the equipment by the supplier, it is important that the contract duration reflects this level of commitment.

c) Catering and Hospitality

The existing contract for the provision of catering and hospitality at the GLA's core properties was let to OCS Ltd in August 2009 for a period of three years, which was then extended for a further two years, in line with the terms of the contract.

OCS does not receive a payment for running the catering services either in City Hall or at Trafalgar Square. However, they do receive a subsidy in kind by having free use of all kitchen space and they are not subjected to any charges for rates, rent, energy, telephone or other operational overheads for the areas that they use.

The contractor must declare their expected profit, which is agreed at the commencement of the contract by the Authority's representative. If the annual profit exceeds this amount, the GLA is entitled to 50% of the excess, which is then re-invested back into catering area.

The current contractor has put a lot of work into marketing the various hospitality spaces within the GLA. This includes London's Living Room and the Café on the Square, Trafalgar Square. They have invested money and resources into the design and branding of their areas as well as creating two external websites to increase the bookings in these rooms.

Under the recent Facilities Management re-structure the catering supplier's marketing role was enhanced to cover first response for all external event enquiries in the GLA's spaces. This includes further marketing of areas, handling initial enquiries, show-overs of venues and booking the clients into the space using the Authority's Computer Aided Facilities Management system.

Permission is sought to extend the contract with OCS for one year as a single source extension to achieve a coterminous date with TfL catering contracts. Permission is then sought to procure a new contract by carrying out a competitive tender exercise as a lot in the TfL tender and then award a contract to the most economically advantageous company. This contract will be let for 5 years, with an optional extension of up to 2 years, in return for capital equipment investment in the GLA's catering areas.

d) City Hall Window Cleaning and External Fabric Maintenance

A contract was let to All Clean Services Ltd in July 2009 for the provision of City Hall Window Cleaning and External Fabric Maintenance. The contract was let for a period of five years, with an optional extension of two years.

Permission is sought to extend the contract by two years to 2016 in line with the terms and conditions set out in the contract. Permission is also requested to carry out a competitive tender exercise beginning in July 2014 and then to award a contract for a period of 7 years with an optional extension of up to 3 years to the most economically advantageous company. Due to the specialist nature of the contract it is important that the duration reflects the expert training and knowledge that is required. Functional bodies will be engaged during this process and the contract will allow them to call off against the services.

e) Cleaning and Porterage

The current contract for cleaning and porterage services at City Hall was originally awarded to GBM Support Services by Transport for London with an option for all GLA bodies to call off against the contract. The Authority exercised this option and commenced a contract on 17 June 2012, which is set to expire on 1 April 2016.

Permission is sought to procure a new contract by carrying out a competitive tender exercise beginning in April 2015 as a lot in the TfL tender and then award a contract to the most economically advantageous company. This contract will be let for a period of 7 years with an optional extension of up to 3 years.

f) Supporting Security Services and Heritage Wardens

The contract for the Heritage Warden Service on Trafalgar Square and Parliament Square Gardens provides the GLA with its primary means of enforcement activity and security as well as providing advice and assistance to visitors to the Square. This is a specialist, public facing service that requires a higher degree of training than standard security guarding operations. The contract was let in May 2011 to CUK, now trading as AOS, for a period of 3 years with an optional extension of 2 years.

The framework for the provision of Supporting Security Services provides a call off arrangement with multiple suppliers (Servoca, G4S and AOS) to provide SIA licensed security officers to support GLA operations at City Hall, Trafalgar and Parliament Squares and other locations and properties as may be required. The suppliers can also supply specialist security services such as close protection. This framework was let in May 2013 for a period of 2 years, with an optional extension of a further 2 years.

Permission is sought to extend or terminate both contracts, at an appropriate time but in line with the terms and conditions and then to procure a single contract covering both these services by carrying out a competitive tender exercise and then awarding a contract to the most economically advantageous company. The new contract will be for 3 years with an optional extension of up to 2 years. Functional bodies will be engaged during this process and the contract will allow them to call off against the services. The new contract will be in place by May 2015.

g) Couriers Services

The courier service is pan-GLA framework agreement that was let in July 2012 to both City Sprint and eCourier for a period of 3 years with a one year optional extension.

Permission is sought to extend the contract for one year to 2016 under the terms and conditions set out in the agreement.

TfL will either lead on procuring a new framework agreement or consider existing ones that the GLA group can operate. Permission is required to utilise the contract established at the conclusion of either of these processes for a period of 3 years with an optional extension of 1 year so as to mitigate the costs of tendering a separate GLA contract and in order to promote the principles of the shared services agenda of seeking to work collaboratively with other members of the GLA Group at every opportunity.

h) Health and Safety Consultancy

A contract for Health and Safety Consultancy was let to White Young Green (WYG) in February 2012 for a period of three years, with an optional extension of one year. This contract allows for call-off by other members of the GLA Group.

WYG play a key part in the Health and Safety strategy of the Authority, providing advice on key H&S issues, training and attending the H&S Management Committee.

Permission is sought to extend the contract by one year to 2016 in line with the terms and conditions set out in the contract. Permission is also requested to consider a functional delegation or carry out a competitive tender exercise or calling off against an existing Framework, beginning in February 2015 and then to award a contract for a period of 3 years, with an optional extension of up to 2 years, to the most economically advantageous company. The new contract will allow GLA Group members to call off against the services.

i) Horticulture

The existing contract for the provision of City Hall Internal Horticulture Maintenance was let to Enterprise Plants Ltd in July 2009 for a period of three years, which was then extended by a further two years to 2014, in line with the terms of the contract.

As a contract with a low annual value, we will obtain three quotations for this service in line with the Contracts and Funding Code and award the contract for 5 years to the most economically advantageous supplier, to go live from July 2014.

j) Infrastructure and Fabric Maintenance

A contract was let for City Hall Infrastructure Services to Norland Managed Services Limited in July 2009 for a period of five years with an optional extension of two years. A contract variation was put in place, which commenced in February 2013 for the addition of M&E maintenance of Trafalgar and Parliament Squares.

A specialist contract for the Fabric Maintenance of Trafalgar and Parliament Squares, which includes the maintenance and upkeep of the historic monuments, was let in January 2013 for a period of 3 years, with an optional extension of 1 year, to David Ball Restorations Limited.

Consideration will be given to combining both these contracts, if there is an economic and technical advantage in doing so, if there is not these services will continue to operate as 2 separate contracts.

Permission is sought to extend the Infrastructure services contract by 18 months to give a co-terminus date with the contract for fabric maintenance on both Squares. It is then proposed to investigate the feasibility of procuring one contract for infrastructure and fabric maintenance services and depending on the outcome investigate other GLA group contracts, Government Procurement Service Frameworks or carry out one or two competitive tender exercises and then awarding a contract(s) to the most economically advantageous company(s) to go live in January 2016. The new contract(s) will be for a period of 6 years with an optional extension of up to 5 years and will allow GLA Group members to call off against its services. Due to the specialist nature of the contract it is important that the duration reflects the expert training and knowledge that is required.

k) Periodicals and Newspaper Supply

Transport for London awarded a contract for the supply of Periodicals and Newspapers to Swets Ltd in November 2011, which had an option for all GLA bodies to call off against the service. The Authority exercised this option and commenced a contract on 1 September 2013 until October 2014, with an option to extend for two years.

Permission is sought to extend the contract until October 2016 in line with the terms and conditions as set out in the agreement.

As this is a contract with a low annual value, permission is then sought to investigate utilising an existing contract within the GLA group. If no suitable contract was found, then seek three quotations for this service in line with the Contracts and Funding Code and award the contract to the most economically advantageous supplier to go live in November 2016 for a period of 3 year with an optional extension of up to 2 years.

l) Out of Hours Call Handling

Pinnacle PSG has provided the out of hours call handling service for the Authority since the contract was let in June 2010. The contract was let following a competitive tender exercise for a period of four years with an optional extension of two years.

Permission is sought to exercise the extension in line with the terms of the contract for a period of two years to 2016. After which consideration will be given to a functional delegation to the GLA group. If this is considered impractical or uneconomic, as a contract with a low annual value, approval is sought to obtain three quotations for this service in line with the Contracts and Funding Code and award the contract for 5 years to the most economically advantageous supplier, to go live from September 2016.

m) Pest Control

Pest Control Services at City Hall are provided under a contract with Enviroguard (U.K.) Ltd, currently trading as Green Compliance, which was let in 2009 for a period of 3 years, and then further extended for two years in line with the terms of the contract. This contract is due to expire in July 2014.

Pest control on Trafalgar and Parliament Squares, with the exception of avian, is currently provided by Veolia ES (UK) Ltd as part of the waste management and cleansing contract. The contract was let by Westminster City Council, with an option for us to use the services as well. The pest control element is a small variation to the main contract, which is primarily focused on cleansing and waste.

Specialist avian pest control on the two Squares is provided by Van Vynk under a contract, which was let in September 2010. The principal part of the contract will expire in August 2014.

Consideration will be given to combining these contracts, particularly the less specialist traditional pest control elements, if there is an economic and technical advantage in doing so, if there is not these services will continue to operate as separate contracts.

Permission is sought to extend the Green Compliance and Van Vyke contracts as single source suppliers for up to 12 months and terminate the Veolia contract in line with Green Compliance and Van Vyke to enable a full combined competitive tender to be undertaken and then award a contract(s) for 3 years, with an optional extension of up to 2 years, to the most economically advantageous company(s). The new contract(s) will allow members of the GLA Group to call off against these services.

n) Reprographics

As a functional delegation a contract was awarded to Transport for London for the provision of reprographics services to the GLA for a period of three years for all routine statutory and non-statutory services on a cost recovery basis. This contract was awarded in January 2012 and is set to expire at the end of December 2015.

The reprographics requirements of the Authority fall into two broad categories, which are routine and urgent. 95% of all production is classed as routine work and the TfL reprographics unit are able to meet the specification for everything in this category.

Due to production limitations, TfL are unable to provide services to support urgent document production, which is currently estimated at around 5%. This part of the contract has been let to TSO for the same period following an exercise to seek quotations for the services in accordance with the GLA's Contracts and Funding Code.

Permission is sought to investigate and discuss the capacity for continuing to share the service for routine statutory and non-statutory production of reprographics with TfL and other members of the GLA group beginning in July 2015. If one member of the GLA Group is able to provide the service, then award the contract for a three year period.

Permission is also required to seek competitive quotations in July 2015 from commercial suppliers to provide a reprographics service for all urgent statutory and non-statutory services for a period of three years and subsequently award the contract to the most economically advantageous quotation.

o) Squares Cleansing and Waste Management

The contract for cleansing and waste management of both Trafalgar and Parliament Squares was awarded to Veolia Environmental Services Limited in June 2012. This agreement was called off against a contract let by Westminster City Council for street cleansing and waste management and expires in September 2017 with an optional seven year extension to 2014.

In September 2016 it is proposed to benchmark the prices and service received to determine whether the current contract will still offer best value.

If this is found to be the case permission is requested to extend the contract by seven years to 2024 in line with the terms and conditions set out in the original agreement. If it is found that the prices and/or service do not offer value for money anymore then permission is requested to undertake a competitive tender exercise and then award a contract for a period of four years extendable to six to the most economically advantageous company.

p) Technical Consultancy

The technical consultancy contract for Trafalgar and Parliament Squares was let to E.C. Harris in August 2010 for a period of four years, with an optional extension of 1 year.

Since 2009 when the Facilities Management Unit took over the management of the Squares, the regular requirement for this consultancy service as it currently exists, particularly in relation to contract management of contractors working on the Squares, has diminished significantly, to the point to which the service is rarely required.

When the initial contract period expires in 2014 it will not be re-let. Going forward the proposed strategy for technical consultancy is to use Government Procurement Service or TfL framework contracts on an as required basis for specific projects or tasks that may arise. A budgetary provision will be maintained for this purpose.

q) Stationery

A contract for the provision of office supplies and paper was awarded to Office Depot under an LCSG Framework in June 2011. This framework was due to expire at the end of March 2014 but has been extended to December 2014.

TfL is currently investigating new LCSG and Government Procurement Service framework opportunities that would be available to the GLA group.

Permission is sought to award a contract to the TfL recommended framework for the maximum duration of their terms.

r) Waste Management

Waste management at City Hall is provided under contract by Bywaters Ltd. This contract was let in August 2009 for a period of four years with an optional two year extension. This extension period was exercised and the contract is due to expire in July 2015.

Facilities Management has been working with TfL Procurement to arrange a co-terminus date with TfL's own contract for waste management services in July 2015. A functional delegation for waste management services to TfL Distribution Services will be considered along with commercial opportunities.

Permission is sought to consider a functional delegation to TfL Distribution Services or procure a new contract by carrying out a competitive tender exercise as a lot in the TfL tender and then award a contract to the most economically advantageous company. This contract will be let for 4 years with an optional extension of up to 2 years.

3. Other considerations

a. Links to strategies and Strategic Plan

Without adequate facilities management the GLA would not be able to provide a suitable and safe working environment at its offices in City Hall nor would it be able to discharge its statutory duties to cleanse, light, maintain and prevent abuses in both Trafalgar Square and Parliament Square Garden. Therefore, the provision of efficient and effective facilities management services at its core properties are critical to the proper operation of the GLA as an organisation and therefore supports the Mayor in delivering his strategy for London.

b. Impact assessments and Consultation

Legal, Procurement and Finance teams will be consulted at the appropriate stages of the process of tender or contract extension. It is not considered necessary or appropriate to consult within the meaning of Section 32 of the Greater London Authority Act as these arrangements relate to the Authority's procurement of support services.

c. Risk

Without suitable contracts in place, Facilities Management will be unable to provide the essential facilities and services required to enable the Mayor, Assembly and the Authority to discharge their statutory duties.

4. Financial comments

- 4.1 Approval is sought to agree the long term strategy for the procurement of outsourced Facilities Management supplies and services, and to agree the extensions of certain existing facilities management contracts and the procurement and award of new contracts in line with the strategy above.
- 4.2 Consideration for the most economically advantageous contract will be made in each case, including the use of existing GLA Group agreements and shared services.
- 4.3 Any costs arising relating to 2013/14 will be funded from within the existing Facilities Management budget for 2013-14 and contained within budgets approved for future years (the allocation of which is subject to the annual budget setting process).
- 4.4 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process.

5. Legal comments

- 5.1 Sections 1 – 4 of this report indicate that the decisions requested of the Mayor in accordance with the GLA's Contracts and Funding Code (the "Code") fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.
- 5.2 The officers have indicated at paragraph 3(b) that they have considered whether consultation is required in accordance with section 32 of the GLA Act. Given that the proposed contract for

facilities management services relates solely to the GLA's internal operations, such an exercise of the section 30 powers may be viewed as not requiring the consultation envisaged by section 32.

- 5.3 The facilities management contract strategy falls within the principal purposes of the Authority as it will provide GLA support services in order for it to carry out its functions and support mayoral policy.
- 5.4 The Contracts and Funding Code ("the Code") sets out the procurement process required for the various services described in this paper which, in the case of the extension to the catering contract would ordinarily be to seek three or more written quotes. However, the Mayor may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is compatibility with existing services. Officers have indicated in this report the synergies with a future re-procurement of services co-ordinated with TfL would offer value for money. On this basis, the Mayor may approve the proposed exemption if satisfied with the content of this report.
- 5.5 The services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the Code. Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the services, or their continuation, as the case may be.

6. Investment & Performance Board

This is outside the terms of reference of the IPB as it is for the renewal of contracts for existing services.

7. Planned delivery approach and next steps

The delivery of the contracts will be managed internally by the Facilities Management team, working with TfL procurement.

A.**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

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 to be exempt from disclosure under the FOI Act 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:

Drafting officer to confirm the following (✓)

Drafting officer:

Alex Fleming has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Simon Grinter has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date