

Subject:	Orbis Hard Facilities Management Procurement		
Date of Meeting:	29th March 2018		
Report of:	Executive Director, Economy, Environment & Culture		
Contact Officer:	Name:	Angela Dymott	Tel: 01273 291450
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To inform the Policy, Resources & Growth Committee of the recent activities conducted by Orbis Property Services (OPS) and Orbis Procurement with respect to hard facilities management services and to obtain authority to procure contracts for these services on behalf of the council.
- 1.2 Hard facilities management services include all forms of external contractor delivered building planned maintenance and responsive repairs, statutory compliance certification, testing and servicing of mechanical, electrical and water service installations. These services relate to civic offices, historic, operational, commercial buildings, social care premises, educational establishments and schools but exclude council housing and highways.

2. RECOMMENDATIONS:

That Policy, Resources & Growth Committee:

- 2.1 Authorise the commencement of the procurement of contracts for the delivery of hard facilities management services where the council is the contracting authority and note that Appendix 2 gives an indication of the contracts which will be procured and who the contracting party for each contract will be.
- 2.2 Delegate authority to Assistant Director Property & Design to agree changes to the proposals in Appendix 2 and note that further report(s) to convey the outcome of the Orbis hard facilities management procurement activity and obtain authority for the award of any contracts for hard facilities management services will be brought to future meeting(s) of this Committee.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 OPS has developed a strategy and business plan which is now in the process of being reviewed and delivered. This includes a restructure of client and contract management which aims to optimise consistency and efficiency in the way services are delivered and received. OPS are working towards a single operating model across the three sovereign Orbis authorities and a common offering to

customers where appropriate complemented by a strategic supply chain and performance management approach.

3.2 Orbis Procurement has been working with OPS to fully understand the requirements of the service, end users, current supply chain structure and the wider market. There is a need to create budget stability from new long term contracts and reduce the total cost of delivery to ensure value for money and achieve future savings. This has led to work across the three sovereign Orbis authorities to align contract dates and requirements, resulting in a programme to establish common specifications, ways of workings and proposed new contractual arrangements.

3.3 Currently for the council there is a building works framework for reactive repairs and planned works up to £25,000 in place that expires in May 2019. Above £25,000 planned maintenance works are currently procured mainly using traditional competitive tendering to achieve best value through testing competition within the market. Existing council cyclical statutory testing, certification and maintenance contracts for legionella management, mechanical, electrical and lifts expire in March 2020.

3.4 Scope of the Orbis procurement

3.4.1 OPS manages a number of assets and customers on behalf of the sovereign Orbis authorities providing access to a range of services and the hard facility management services form part of this offer. Contracts will be procured for East Sussex County Council (ESCC), Surrey County Council (SCC) and Brighton & Hove City Council (BHCC). The approximate annual spend across OPS for all hard facilities management services is £50m. The approximate annual spend across the two key hard facilities management areas for the three Orbis authorities is detailed in the following table:

3.4.2

Workstream	BHCC	ESCC	SCC
Planned maintenance works	c. £8m	c. £7m	c. £24m
Cyclical and responsive works	c. £1.7m	c. £1.5m	c. £7.5m

3.4.3 The requirements will cover the majority of corporate and non-corporate buildings and assets within each sovereign authority's responsibility (excluding BHCC social housing and highways property). In addition some of the framework arrangement(s) may be open for other appropriate organisations to call off contracts from (the details of which will be finalised prior to going to market).

3.4.4 An initial strategic business case (SBC) addressing ESCC and SCC requirements with regards to the hard facilities management services was signed off by OPS on 23rd August 2016. This specifically addressed ESCC and SCC requirements. This SBC has now been revisited by all three sovereign Orbis authorities and sixteen core workstreams across planned maintenance works and cyclical and responsive works have been identified and agreed.

3.4.5 Planned Maintenance Works

Generally one-off project/programmes of works associated with the maintenance of building assets.

1. Mechanical services (including air conditioning)
2. Electrical services
3. Doors and windows
4. Roofing - flat & possibly pitched
5. Building works generally (including kitchens - refurbishment and renewals)

3.4.6 Planned, Cyclical and Responsive Works

6. Passenger and goods lifts / escalators
7. Hoist / care equipment

3.4.7 Cyclical and responsive Works

(Cyclical works are planned periodic maintenance of assets.
Responsive works are unplanned maintenance of assets.)

8. Doors and windows / Door entry systems / fire doors / internal / external doors / industrial doors
9. Asbestos removal works (Responsive)
10. Mechanical services (including air conditioning)
11. Electrical services
12. Kitchens - appliances
13. Fabric / roofing / building lots
14. Legionella reports (cyclical) including low value legionella responsive works
15. Asbestos reports (cyclical)

3.4.8 Certification

16. Display Energy Certificates (DEC) and Energy Performance Certificates (EPC)

3.5 The structure of the opportunity

3.5.1 Further to discussions between OPS and Orbis Procurement and also market engagement it is proposed that the requirements of the hard facilities management services are delivered through a variety of framework and term contract arrangement(s).

3.5.2 The procurement documents, specifications and award criteria are currently being worked up and further discussions will be held between OPS and Orbis Procurement to ensure that the requirements for each Orbis sovereign authority are covered.

3.5.3 The procurement process is being led by Orbis Procurement to achieve the project objectives and it will adhere to each sovereign Orbis authorities' procurement guidance, CSO/PSOs and all applicable procurement legislation.

3.5.4 A summary of the proposed framework and term contract arrangement(s) across the core workstreams that BHCC will either be able to access (via call off contract) or will be procuring as a contracting party are set out in Appendix 2.

3.5.4.1 Planned Maintenance Works

The five core workstreams in planned works are likely to be split subject to the value of works below and above a threshold to be agreed. Provisionally that may be £100,000. It is likely that there will be two types of frameworks.

- Works where the total contract value is below £100,000 will have a specialist framework with multiple contractors set up for each sovereign authority.
- Works where the total contract value is over £100,000 will have a specialist framework with multiple contractors set up for each workstream. It is likely that there will be two geographic frameworks set up for each workstream one for SCC and one covering ESCC and BHCC. The geographic split will make the opportunity more favourable to the market place as it will reflect the nature of the market and thereby should provide the Orbis partners with greater value.

3.5.4.2 Planned, Cyclical & Responsive Works

The two workstreams covering planned cyclical and responsive works will have specific Orbis wide framework and/or term contract arrangement(s) put in place.

- Passenger and goods lifts / escalators including planned works (single provider)
- Hoist / care equipment including planned works (multiple contractors)

3.5.4.3 Cyclical & Responsive Works

Two workstreams covering cyclical and responsive works will have specific Orbis wide framework and/or contract arrangement(s) put in place.

- Doors and windows / Door entry systems / Fire doors / Internal / External doors / Industrial doors (single provider)
- Asbestos removal works (responsive) (multiple contractors)

The remaining workstreams will have specific SCC and BHCC/ESCC framework and/or term contract arrangement(s). These will be further geographically split where appropriate.

3.5.4.4 Certification

Display Energy Certificates (DEC) and Energy Performance Certificates (EPC). – The requirements for these services are subject to further OPS consultation with the Energy Teams.

3.5.5 Where frameworks state multiple contractors the exact number of contractors will be determined following further analysis of each sovereign authorities demand and volumes of work to ensure the solution has an appropriate capacity.

3.5.6 Where framework or term contract arrangement(s) are to be geographically split the exact division will be determined following further analysis of our properties and associated demand and volumes of work in each case.

3.5.7 BHCC will either be able to access (via call off contracts) or will be procuring term contracts as a contracting party up to 22 contract arrangements. OPS plans to award up to a total of 68 framework or term contract arrangements. The intention is to offer these to the market as up to 49 distinct opportunities.

3.6 Key Benefits & Risks

Benefits – This is a major piece of collaborative work across Orbis where best practice can be shared between partners. Although at a relatively early stage of development it should help deliver a more robust route to market than existing arrangements, economies of scale, improvements to contract monitoring, maintain statutory assurance and result in a more resilient solution. It may also assist in developing thinking around consistency across Orbis where differences occur such as within Contract Standing Orders and Social Value.

Risks - A significant resource input and commitment from both Procurement and Property Services across Orbis is required. Social Value issues such as supporting local SMEs need further consideration. Risks around TUPE application also need to be considered. Contract monitoring arrangements need to be developed in order to understand ongoing resource requirements.

3.7 Indicative timetable and key milestones

Orbis sovereign authorities joint meeting (weekly):	starting on 4 Jan18, then weekly
BHCC Procurement Advisory Board	29 Jan 18
ESCC & SCC – SGB* submission (RTM**):	21 Mar 18
ESCC & SCC - SGB approval (RTM):	27 Mar 18
BHCC - PR&G Committee (RTM/ approval):	29 Mar 18
Specifications and schedules agreed:	9 Apr 18
Publish OJEU Notice:	20 Apr 18
PQQ Issue / Close:	27 Apr 18 / 28 May 18
ITT Issue / Close:	3 Aug 18 / 11 Sept 18
SCC Cabinet/ESCC approval, BHCC PRG approval :	27 Nov 18
Contract Award Date(s):	21 Dec 18
Contract Start Date(s):	Mobilisation 3 months = 1 Apr 19

*SGB Sourcing Governance Board

**RTM Route to Market

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Option 1 - Insource the hard facilities management services

To bring the whole of these services under direct control would mean the loss of the benefits of employing external contractor's expertise at considerable cost. In addition TUPE is likely to apply and any potential TUPE implications in relation to such an insourcing are at this stage in the process unclear. There could be capacity and skill issues too as the council would need a larger professional team requiring additional support staff in finance and legal. The ability to retain and attract such a large team of suitably qualified and experienced staff creates an additional pressure on the council, particularly as salaries and benefits are lower than those offered in private practice.

4.2 Option 2 procure the council's arrangements separately.

There is a willingness to collaborate between the Orbis partners and therefore at this time this option should be discounted. 3.6 sets out the key benefits and risks

and the council's officers will help to shape the procurement across the core workstreams to help suit the requirements of this council.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 A report informing the Procurement Advisory Board of this Orbis procurement proposal was presented on 29th January 2018. The tender specifications for the new hard facilities management services contracts will be reviewed and updated to take into account comments from the Board.
- 5.2 Various meetings and discussions are taking place with Orbis Property Services and Procurement colleagues as well as client officers within Property & Design.

6. CONCLUSION

- 6.1 The recommendation is to go ahead with the procurement of the contracts set out in Appendix 2 on behalf of the council as part of a wider Orbis procurement exercise for these services. The intention is to award some or all of the council's future requirements where it is to the benefit of our sovereign authority subject to a further report(s) to Policy, Resources & Growth Committee following the outcome of the procurement exercise and evaluation.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Contracts that are procured in conjunction with Orbis Property Services for Hard Facilities Management Service will be subject to market conditions and prices as and when they are procured.

Finance Officer Consulted: Rob Allen

Date: 16/02/18

Legal Implications:

- 7.2 The council has a duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of 'economy, efficiency and effectiveness' (known as the duty of best value).
- 7.3 In accordance with Part 4 of the council's Constitution, Policy, Resources & Growth Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above. In addition, in order to comply with CSO 3.1, authority to enter into contracts in excess of £500,000 must be obtained by the relevant committee.
- 7.4 Orbis Public Law officers will advise on the proposed framework agreements, call off contracts and term contracts for hard facilities management services during the procurement process to ensure that they comply with all relevant public procurement legislation as well as the council's Contract Standing Orders (CSOs).

Lawyer Consulted: Isabella Sidoli

Date: 2/3/2018

Equalities Implications:

- 7.5 An Equalities Impact Assessment has not been carried out.

Sustainability Implications:

- 7.6 To be incorporated into the tender specifications for each workstream.

Any Other Significant Implications:

- 7.7 To be incorporated into the tender specifications for each workstream
- 7.8 Bidders will be requested to complete and deliver Social Value in accordance with the Orbis Social Value Charter. Specific Social Value requirements will also be included as sub-criteria in the award criteria.

SUPPORTING DOCUMENTATION

Appendices:

1. Other implications.
2. Summary of core workstream framework / contract arrangement(s)

Documents in Members' Rooms

None.

Background Documents

1. Minutes from the Procurement Advisory Board meeting 29th January 2018.

Crime & Disorder Implications:

- 1.1 There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of work try to minimise vandalism through design and use of the relevant materials.

Risk and Opportunity Management Implications:

- 1.2 Initial identified potential benefits and risks are outlined in paragraph 3.6. These will develop as the procurement exercise takes greater shape and be reported back to this committee at a later date.

Public Health Implications:

- 1.3 Hard facilities management includes the water management, mechanical, electrical and lift statutory compliance and servicing areas. Failure to have robust processes to manage these risks could lead to significant public health implications e.g. proliferation of Legionella Bacteria, etc. Planned maintenance works will include prioritised works to reduce risk to public health e.g. structural improvements, damp remedial works, hygiene improvements in Social Care premises, etc.

Corporate / Citywide Implications:

- 1.4 Hard facilities management covers the maintenance and repair of properties as part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

Appendix 2 Summary of core workstream framework / contract arrangement(s)

	Core Workstream	Type of Contract	Term of Contract	Contracting Party	Third parties who can access the contract	Number of Contractors
	<u>Planned Maintenance Works</u>					
1 a)	Mechanical Services (Including Air Conditioning) - Works up to c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
1 b)	Mechanical Services (Including Air Conditioning) - Works greater than c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
2 a)	Electrical Services - Works up to c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
2 b)	Electrical Services - Works greater than c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
3 a)	Doors & Windows - Works up to c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
3 b)	Doors & Windows - Works greater than c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
4 a)	Roofing - Works up to c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
	<u>Planned Maintenance Works</u>					
4 b)	Roofing - Works greater than c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC area based Contracting Parties only	Multiple

			- As required		Call off Contracts - BHCC only	
5 a)	Building Works Generally (Including Kitchens - Refurbishment and renewals) - Works up to c.£100,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
5 b)	Building Works Generally (Including Kitchens - Refurbishment and renewals) - Works c.£100,000 to c£500,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC area based Contracting Parties only Call off Contracts - BHCC only	Multiple
5 c)	Building Works Generally (Including Kitchens - Refurbishment and renewals) - Works greater than c.£500,000	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC/SCC/South East area based Contracting Parties only Call off Contracts - BHCC only	Multiple
	<u>Planned, Cyclical & Responsive Works</u>					
6	Passenger & Goods Lifts / Escalators	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
7	Hoist / Care Equipment	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC/SCC/South East area based Contracting Parties only Call off Contracts - BHCC only	Multiple
	<u>Cyclical & Responsive Works</u>					
8	Doors & Windows / Door entry systems / Fire doors / Internal / External doors / Industrial Doors	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
9	Asbestos Removal Works (Responsive)	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC/SCC/South East area based Contracting Parties only Call off Contracts - BHCC only	Multiple
	<u>Cyclical & Responsive Works</u>					
10	Mechanical Services (Including	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single

	Air Conditioning)					
11	Electrical Services	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
12	Kitchens - Appliances	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
13	Fabric / Roofing / Building Lots	Term Contract (NEC) or Framework	Up to 7 years	BHCC	BHCC only	Single / Multiple
14	Legionella Reports (Cyclical) including Low Value Legionella Responsive Works	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
15	Asbestos Reports (Cyclical)	Term Contract (NEC)	Up to 7 years	BHCC	BHCC only	Single
	<u>Certification</u>					
16	Display Energy Certificates (DEC) and Energy Performance Certificates (EPC)	Framework (JCT) Call off Contracts (JCT/NEC)	Framework - Up to 4 years Call off Contracts - As required	Framework - SCC Call off Contracts - BHCC	Framework - BHCC/ESCC/SCC/South East area based Contracting Parties only Call off Contracts - BHCC only	Single

