

Meeting	SPA Board Meeting Public Session
Date	27 October 2016
Location	Murrayfield Stadium, Edinburgh
Title of Paper	Award of Contract for the Provision of Hard Facilities Management Service
Item Number	8.1
Presented By	Colette Sherry , Head of Commercial Services
Recommendation to Members	For Approval
Appendix Attached :	Yes

PURPOSE

To invite members to;

1. Note and recommend the award of a contract to Mitie Technical Facilities Management for the Provision of Hard Facilities Management Services for the initial period of 1 Nov 2016 to 31 Oct 2021 with the option to extend for an additional two, one (1) year periods, total contract duration of 7 years, taking the final expiry date to 31 Oct 2023 with an estimated contract value of £53,198,078 (inc VAT).
2. Note for information the corresponding contract award for Scottish Fire and Rescue Service under the collaborative procurement exercise.

This paper is presented in accordance with the SPA Standing Orders relating to Contracts, and is submitted for approval and further transmission to the SPA Board.

1. BACKGROUND

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- 1.1 Following consideration of this report at the Finance and Investment Committee at its meeting on 6th October 2016, the Chair of the Committee Elaine Wilkinson and the Committee Members, agreed that the report be taken forward to the Board.
- 1.2 A working group comprising of Police Scotland, Scottish Fire and Rescue Service, Scottish Ambulance Service, Scottish Court Service and Crown and Procurator Fiscal Service was set up to review the potential opportunity for collaboration with regards to the provision of hard facilities management services.
- 1.3 It was identified that only Police Scotland and Scottish Fire and Rescue Service were in a similar position with regard to current contract arrangements and change programmes in relation to their estates. The working group concluded that Police Scotland and Scottish Fire and Rescue Service pursue a collaborative tender exercise for their hard facilities management services requirements under a collaborative single supplier contract. It was agreed that the approach should be a single tender exercise but with two separate contracts for Police Scotland and Scottish Fire and Rescue Service being awarded. As the larger of the two expenditures, it was agreed that Police Scotland would take the lead on this tender exercise.
- 1.4 Due to the transition of Police Scotland and Scottish Fire and Rescue Service to new organisational structures and the impact on procurement resources, Central Government Procurement Shared Services were asked to support this procurement exercise with a full time resource being provided until contract award.
- 1.5 The tender exercise has now been concluded. Approval is sought to award a single supplier contract to Mitie Technical Facilities Management for the provision of Hard Facilities Management Services for Scottish Police Authority and Police Scotland.

2. FURTHER DETAIL ON REPORT TOPIC

Overview

- 2.1 Currently the eight legacy forces have a number of local arrangements in place for hard facilities management services. Police Scotland Estates have worked since the creation of the new national force to centralise and collate asset information from the legacy forces into a single asset register, which was used to support the tender documents.

- 2.2 A User Intelligence Group to support the tender exercise and the creation of the tender documents was established with representatives from Police Scotland and Scottish Fire and Rescue Service Estates Departments. A Project Board was also established with senior representatives from Police Scotland, Scottish Fire and Rescue Service, Scottish Futures Trust and Scottish Procurement & Commercial Directorate.
- 2.3 Due to budgetary constraints, Police Scotland Estate has experienced a lack of investment in asset lifecycle replacement, repairs and maintenance resulting in a backlog. This contract will focus on achieving statutory compliance with legislation and ensure compliance with maintenance regimes in the most efficient manner possible.
- 2.4 A list of the Hard Facilities Management Services to be provided under the contract is attached at Appendix A and the related expenditure for repairs and maintenance will be made through this contract across its duration.

National Tender Process

- 2.5 The requirement was advertised under the OJEU restricted procedure, Evaluation of the Pre-Qualification Questionnaire's resulted in a shortlist of 7 suppliers being identified.
- 2.6 One supplier withdrew from the tender process prior to tender documents being released. Tender documents were issued to the following 6 shortlisted suppliers on 27 May 2016:

Arthur McKay & Co Ltd
Carillion Plc
FES FM Ltd
Graham Asset Management
Mitie Technical Facilities Management Ltd
Skanska Facilities Management

- 2.7 Following tender documents being released, Graham Asset Management and Carillion Services advised of their withdrawal from the tender process.
- 2.8 Tender return date was set as 2 August 2016 and 4 tender responses were received.

Evaluation

- 2.9 An evaluation team was created from members of the User Intelligence Group set up by the Project Team, with representation from Police Scotland, Scottish Fire and Rescue Service and Central Government Procurement Shared Services.
- 2.10 The offers were evaluated by the team in accordance with the award criteria detailed in the Invitation to Tender, that is the most economically advantageous tender having regard to the price /quality ratio of Quality 60% and Price 40%:

Criteria	Weighting
Price	40%
Planned Preventative Maintenance	25%
Reactive Maintenance	35%
Minor Works	15%
Additional Costs	0%
Mobilisation Costs	5%
Contract Management Costs	15%
Guaranteed Efficiency Savings	5%
Overhead and Margin Percentages	0%
Quality	60%
Understanding of the Requirement	5%
Contract and Account Management	40%
Service Delivery	40%
TUPE	0%
Contract Terms	0%
Environmental	5%
Fair Work	5%
Community Benefits	5%
TOTAL	100%

- 2.11 The pricing schedule included a mix of fixed and variable pricing elements. The fixed priced elements are committed costs under the contract:

Planned Preventative Maintenance – this was based on a 12 month, 2 Year and 5 Year maintenance cycle cost;
 Mobilisation Costs - applicable only for the mobilisation period;
 Contract Management – Annual Cost;
 Efficiency Savings – Annual savings.

The variable price elements are not committed costs and work is requested on an as required basis to meet budget availability:

Reactive Maintenance – based on a Schedule of Rates per hour for key trades and evaluated against an example volume of work;
Minor Works projects – evaluated against an example volume of work under a range of project values up to the maximum of £100,000;
Additional costs not included in Planned Preventative Maintenance or Reactive Maintenance – this included PAT testing per item against the current quantity and maintenance of Police Firing Ranges on a price per visit basis.

2.12 The evaluation team evaluated the bids in accordance with the specified methodology and against the published award criteria detailed in 2.10 above. Details of the ranking for each supplier are as follows:

Supplier	Ranking
Mitie	1
Arthur Mckay	2
FES	3
Skanska	4

2.13 The offer from Mitie Technical Facilities Management represents the most economically advantageous tender in respect of the provision of Hard Facilities Management Services.

Benefits / Outcomes

2.14 The benefits of the new collaborative approach with Scottish Fire and Rescue Service include,

- Maximising potential for cash and non-cash savings;
- Leverage of the collaborative spend will encourage competitive pricing;
- Single supplier can maximise use of own labour resources and systems and reduce contract overheads;
- A consistent national approach to delivering facilities management services;
- Improved energy management and reduction of carbon emissions;
- Use of supplier expertise to reduce costs and engineer service and customer improvements that can be shared across partner organisations;

- Opportunity to learn and share best practise across partner organisations;
- Collaborative governance structure to oversee supplier performance;
- Partnering approach under NEC3 Terms of Contract driving continuous improvement, communication and efficiencies in service delivery

Operational Benefits to Police Scotland

2.15 The contract will provide Police Scotland with a number of operational benefits including:

- A single national helpdesk to receive calls, log tasks and provide real time updates on progress of tasks;
- Real time access to a national asset database on the Mitie Technical Facilities Management Computer Aided Facilities Management System;
- Ability to produce real time management information on the status of assets and maintenance;
- Improved statutory compliance for the Estate;
- Reduction in the number of contracts to be managed by Police Scotland staff from 150 to a single supplier with reduction in invoice payments;
- Detailed spend data information e.g. split between planned and reactive maintenance, spend by building, spend by region and high maintenance assets to inform future decisions regarding the Police Scotland Estates strategy;
- Real time electronic property Log Books recording and managing all statutory certification and compliance;
- Performance management system with key performance indicators to measure supplier performance against key elements and response times under the contract;
- Annual Planned Maintenance Programme agreed with Mitie Technical Management Services will enable spend to be forecast and managed within allocated budget;
- Improved customer relations and contract management with regular programmed contract review meetings between Police Scotland and the supplier.

3. FINANCIAL IMPLICATIONS

3.1 The approach under the new contract was to standardise & simplify the specification and therefore has changed the pricing structure to an “all inclusive” commercial model. Our market assessment has outlined

that the commercial offering from Mite does demonstrate best commercial value over both fixed and variable costs.

- 3.2 Our Estates repairs and maintenance budget has been subject to numerous efficiency targets over previous financial years resulting with a back log of repairs & maintenance. Police Scotland have been working with external partners to conduct Condition, Asbestos, Water and Fire Risk Surveys throughout this financial year all of which will inform a schedule of works for Capital Investment and general repairs and maintenance. Early indicators from these assessments are advising the need for significant investment in our Estate over the coming years.
- 3.3 The Hard FM contract will provide the service model for all Planned, Reactive and Minor repairs and maintenance moving forward, which will enable us to ensure statutory compliance across our Estate. This service model will enable us to proactively shift the balance from reactive to planned maintenance ensuring more efficient use of available funding.
- 3.4 The contract is structured to allow Police Scotland to proactively work with the Contractor to agree in advance all planned maintenance, which are the main component of the Fixed Costs. These are the committed element of the contract.
- 3.5 The variable costs which include all reactive maintenance and minor works will be proactively managed and monitored by our Estates team. This allows flexibility in the utilisation of the Repairs and Maintenance budgets over the duration of the agreement.
- 3.6 The estimated total contract value for Police Scotland for the 7 year period is £53,198,078 (incl VAT), which includes a built in budget efficiency saving from year 3 onwards driving a saving within the repairs and maintenance budget of £0.8M over the term.
- 3.7 Mite will deliver efficiencies over the term of the contract on changes such as the introduction of stream-lining maintenance strategies such as reduction of servicing of non-critical items, routing grouping scheduling of pre-planned maintenance tasks to reduce costs, bespoke asset servicing strategy to reduce cost but not increase risk. Continuous Improvement principles are embedded within the contract ensuring that we working collaboratively with the Supplier to drive efficiency savings over the term of the contract, all efficiencies will be re-invested back into the service to ensure that we can deliver more for the same level of expenditure.

4. PERSONNEL IMPLICATIONS

- 4.1 Police Scotland has restructured their Estates Department to 3 regional areas and this structure has been reflected in the tender documents and subsequently the service delivery model for this contract.
- 4.2 During the tender process it was identified that there are no TUPE implications for internal Police Scotland staff, there will be TUPE transfers between contractors.

5. LEGAL IMPLICATIONS

- 5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2012 and the Police and Fire Reform (Scotland) Act 2012.

6. REPUTATIONAL IMPLICATIONS

- 6.1 The reputational impacts for Police Scotland will lessen with the award of this contract as currently not all statutory or regular maintenance of assets is being carried out. However, the new contract will ensure that statutory maintenance is included as part of the pre-planned maintenance programme.

7. SOCIAL IMPLICATIONS

- 7.1 The contract commits Mitie Technical Facilities Management to comply with the Scottish Government sustainable development strategy and ethical policy by supporting the Scottish Government "Greener Scotland" strategic objective, including:
 - 7.1.1 Efficient use of energy, fuel and water and minimising relevant emissions;
 - 7.1.2 Minimising waste that arises, recycling of assets parts and waste where relevant,
 - 7.1.3 Minimising the environmental impact, including emissions, that arise from vehicle movements during service delivery;
 - 7.1.4 Managing the use of natural resources through minimising and avoiding the use of unsustainable materials;
 - 7.1.5 Minimising the use of hazardous materials;
 - 7.1.6 Supporting Police Scotland and Scottish Fire and Rescue Service in carbon reduction initiatives.

8. COMMUNITY IMPACT

8.1 Mitie Technical Facilities Management will assist Police Scotland to understand and deliver opportunities to deliver community benefits under the contract will be monitored through contract management, these include:

- 8.1.1 Up to 3 apprentices funded by the supplier under the contract;
- 8.1.2 Up to 5 new job opportunities offered to long term unemployed under the contract;
- 8.1.3 At least 10 Ready2 Work individuals will obtain full training support and work experience;
- 8.1.4 Target of 40% of contract revenue to be spent with local Scottish SME's throughout the Contract;
- 8.1.5 Commitment to ensure Mitie and suppliers pay staff at least the Living Wage under the contract;
- 8.1.2 No use of zero hours contracts;
- 8.1.3 Training, skills development, apprenticeships and work placements for long term unemployed.

9 EQUALITIES IMPLICATIONS

9.1 The contract ensures that the successful supplier and their sub-contractors will comply with the Equality Act 2010 with a specific contract clause included in the documents.

10 ENVIRONMENT IMPLICATIONS

10.1 The contract documents require the contractor to support Police Scotland in its objective of responsible environmental management through its operations as per 7.1 above.

RECOMMENDATIONS

Members are invited to recommend:

- (i) Approve the award of contract to Mitie Technical Facilities Management for the Provision of Hard Facilities Management Services for a period of 5 years with the option to extend for an additional 2 x 12 month periods with an estimated contract value of £53,198,078 (inc VAT).

On receipt of this approval also recommend to the SPA Board that:

- (ii) As part of service provision to Police Scotland by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland on behalf of the Scottish Police Authority:
 - 1) To issue the appropriate notification under Regulation 32 of the Public Contracts (Scotland) Regulations 2012 of the Authority's award decision;
 - 2) To observe the relevant standstill period required by the said Regulations,
 - 3) Subject to there being no challenge by an unsuccessful Tenderer, to prepare, issue and arrange signature by the Chief Executive Officer SPA, Contract Documentation; and
- (iii) Note for information the corresponding contract award for Scottish Fire and Rescue Service under the collaborative tender exercise.

Appendix A

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List of Services to be provided under the Hard Facilities Management Services Contract

- Helpdesk & Computer Aided Facilities Management

Planned and Reactive Maintenance Services for:

- Electrical Systems, including
 - Generators, Electrical Testing, HV/LV, Lightning Conductors, Emergency Lighting, Portable Appliance Testing, UPS
- Heating and Ventilation, including
 - Commercial and Domestic Boilers, Air conditioning and F-gas certification as applicable, BMS, Mechanical Ventilation, Local Extract Ventilation, Kitchen/Canopy/ Ducting Deep Cleaning
- Fire Systems, including
 - Fire Alarms, Fire Alarm Monitoring, Fire Vesda, Fire Suppression Systems, Sprinklers, Portable Fire Fighting/Hydrant/ Dry Riser, Fire Curtains/ Damper/ Smoke Vents
- Security, Access, Alarms & Monitoring Systems, including
 - Intruder Alarms, Intruder Alarm Monitoring, Cell Call and Affray/ Personal Attack/ Refuge/ DDA Toilet Alarms, Security Access Controls,- CCTV
- Barriers and Automatic Doors, including
 - Security Cantilever & Blocker, Security Barrier, Security Swing Gate & Turnstile, Appliance Bay Doors, Automatic Doors, High Security Doors, Roller Shutter Doors
- Water Management, including
 - L8 Compliance, Legionella Risk Assessment, Drinking Water Dispensers
- Fuel and Drainage, including
 - Refuelling installations, Fuel Interceptors, Septic Tanks, Drainage (roof, roads, tanks etc.)
- Building fabric and repairs, including
 - Roofs, glazing, joinery, brickwork/builders work, decoration, plumbing, drainage

NOT PROTECTIVELY MARKED

- Miscellaneous, including
 - Lifts, Fixed Ladder; Roof Access & Safety Systems, Fire Escape Doors Inspection, Chimney Strut Inspection, Leak Detection, Emergency Evacuation Chairs, Firing Range, Grounds Maintenance (external), Gritting/ Snow Clearing/ Ice Clearing, Pest Control, Handyman Service, Catering Equipment

Minor Works Projects

- Repairs and minor works up to a value of £100,000 (one hundred thousand pounds), excluding VAT.
- Project Planning, Project Management, Post Project Evaluation
- Undertaking the role and responsibilities of the Principal Contractor/Principal Designer and Client
- Internal/external works, Fabric repair/works, M&E , Civils, Move management, Refurbishment, Minor data cabling

Advisory Services:

- Legislative Compliance, Health & Safety Management, Authorised Persons & Permits to Work, Special Needs Services, Environmental Management, Business Continuity Management, Space Management, Condition Surveys, Asbestos (Management, Testing and removal), Quality management.