

CABINET– 23 MARCH 2012

PROPERTY & FACILITIES, PROCUREMENT OF SERVICE PROVIDER

Report by the Director for Environment & Economy and Assistant Chief Executive & Chief Finance Officer

Introduction

1. This report invites the Cabinet to consider recommendations for the appointment of Preferred Bidder and award of the contract for the provision of property and facilities management works and services including construction, design, estates and facilities management services.

History and Context

2. On 6 October 2010 the County Council Management Team approved the Property & Facilities' Business Case: Oxfordshire Property Driving Change. The business case set out the fundamental link between strategic asset planning and achieving the Council's key priorities such as Place Shaping and Localities Working. A revised, integrated operating model and procurement strategy will allow the Council to develop capability in and focus on the strategic function, allowing others to take responsibility for project delivery and operational activities. Co-location and integration with the private sector with the Council taking a lead role in this joined up approach to asset use will deliver direct efficiencies and improved service outcomes.
3. The business case identified an operating model with a lean client and a substantial outsourced supply chain. Its proposals were incorporated into the Environment & Economy budget proposals which Cabinet recommended to Council in February 2011. A copy of Oxfordshire Property Driving Change is included in the background papers for this report.
4. A savings target of £550k, based on the forecast efficiency savings made by adopting this approach has been included in the Council's Medium Term Financial Plan (MTFP).
5. In December 2010 a Project Initiation Document (PID) and Project Board, including Councillor Couchman (Cabinet Member for Finance & Property), Huw Jones (Director for Environment & Economy), Sue Scane (Assistant Chief Executive & Chief Finance Officer) and Martin Tugwell (Deputy Director Growth & Infrastructure) with representatives from Procurement, Human Resources, Legal Services and Property & Facilities representatives, was set up. The board met for the first time on 15 December 2010. A copy of the PID is included in the background papers to this report.

6. An OJEU Contract Notice was issued on the 31 January 2011 followed by a Competitive Dialogue procurement process. Cabinet received a progress report on 21 June 2011 and agreed the continuation of the procurement. On 6 February 2012 Cabinet agreed to the inclusion of both Food with Thought and Quest Cleaning & Facilities Services in the final tender.

Exempt Information

7. Annex 1 to be circulated separately should be considered in exempt session because its discussion in public might lead to the disclosure to members of the public present of information relating to the financial and business affairs of any particular person (including the authority holding that information) as a result of discussions between Oxfordshire County Council and/or other local authorities and organisations.
8. The tender prices reported separately in Annex 1 must be treated as strictly confidential since they relate to the financial and business affairs of the operators. All prices must be treated as strictly confidential until such time as the Decision Meeting decides whether or not to provide financial support for the service. Revealing operators' prices before then would prejudice the Council's position if tenders or propositions had to be sought again for the service. Prices must remain confidential until after Contract Award; planned for 13 April 2012.

Contract Services

9. The services included within this contract are:

Service Stream	Description
SS0	Contract Management and Programme Office
SS1	Design & Construction of Works over £2k
SS2	Professional Services (including Architecture, Engineering, Project Management, Quantity Surveying)
SS3	Strategic Asset Management and Estates Management (including acquisitions and disposals, lease renewals, asset valuations, ratings advice)
SS4	a) Helpdesk and Computer Aided Facilities Management b) Soft Facilities Management Services (cleaning, site health & safety and wellbeing compliance, security, civic catering, pest control and grounds maintenance) c) Hard Facilities Management Services (cyclical servicing and maintenance, repairs & maintenance under £2k, building management systems and signage)
SS5	Schools (QCS & FwT)

Procurement and Tender Evaluation

10. The competitive dialogue process commenced in February 2011 with a Bidders' Day. 80 people attended representing 38 companies. The Outline Solutions stage then followed throughout April and May 2011 with five Participants selected from pre-qualification, who were each involved in 12 hours of dialogue meetings.
11. During the period July 2011 to January 2012 the three Participants selected for the Detailed Solutions stage were each involved in 8 days of technical quality dialogue, 4¹/₂ days of legal dialogue and 3¹/₂ days of finance dialogue, as well as telephone conferences. During this stage, Participants visited a number of OCC buildings, and in January 2012 OCC officers visited a number of sites nominated by each Participant where they are delivering similar services, to observe the quality of their work and to discuss their performance with their clients. The visits were used to verify business management systems referred to in their submissions.
12. The three Participants' Detailed Solutions submissions were evaluated, and Final Tender documents were issued on 10 February 2011; these included the Project Agreement, associated schedules, the Payment & Performance Mechanism, a scope of service for each Service Stream, pricing schedules for each Service Stream and data on all OCC buildings and property. The Participants' Final Tenders were received on 20 February 2012.
13. Tender evaluation was divided into two criteria: Technical Quality and Commercial (Legal and Financial) each weighted 50%. The Final Tender evaluation and moderation was concluded on 5 March 2012.

Corporate Policies and Priorities

14. From the outset of the process to review how property services should be delivered, the Council's strategic objectives, principles and values have shaped development of the proposed operating model and procurement strategy and then how the competitive dialogue was undertaken. The Business Case, Oxfordshire Property Driving Change, considered how property should be dealt with to ensure that it could be used to help achieve the council's objectives, as well as provide the property needed to develop services.

Some examples of how the recommended solution helps to achieve the Council's Strategic Objectives are:

Word Class Economy:

- A commitment to 1 apprentice for every £1m contract expenditure
- Proposals to use local contractors and suppliers
- Commitments to training for staff

Healthy and Thriving Communities

- A delivery model that has a focus and allocates resource to delivering services in localities and working with partners and communities to achieve broader objectives

Environment & Climate Change

- Reduction in energy consumption to reduce costs and tax liabilities highlighted as a priority from the outset, with targets set and commitments given in the proposed solutions.

Efficient Public Services

- The proposed solution will achieve the MTFP Property Savings in year 1 and exceed them in future years
- The proposed way of working cuts out duplication and will improve customer service

Sustainability Implications

15. Requirements to reduce the Council's environmental footprint and resource consumption (including energy, water and waste) are included in Service Stream 3 Strategic Asset Management and Estates Management. The council expects these requirements to be embedded throughout the contract, and have been considered throughout the procurement process.

Staff and Financial Implications

16. The three participants submitted prices in accordance with the contract. All prices have been checked to ensure arithmetical accuracy. A number of clarifications have been sought on the bidder's pricing strategy to ensure the bids are directly comparable and sustainable.
17. There is a clear margin between each participant in the value of their bids, with one Participant offering overall good value for money on the capital programme where sample costed schemes were on average 19% cheaper than that spent by the council. The revenue related cost of the bid is affordable meeting the current MTFP savings target, with continual annual savings for the medium term.
18. An assessment on contract resilience and the cost impact of a reduced capital programme, found that Participant A over the medium term on both revenue and capital budget remain affordable, with any revenue pressure offset by the guaranteed minimum savings realised through the contract. Participant C because of the high overhead cost per project would remain unaffordable over the medium term. In summary contract A is the most resilient contract out of all Participant cost submissions.

19. TUPE will apply to the transfer of OCC staff associated with the transfer of service arising as a result of the contract award decision made by Cabinet.
20. Additionally, there are staff at both Mouchel and the Measured Term Contractors who are eligible to TUPE across to the new Service Provider. Unison has been actively involved throughout the process and in the dialogue meetings.

RECOMMENDATION

21. **The Cabinet is RECOMMENDED to award the contract for property and facilities management works and services to Participant A and authorise;**
 - (a) **the Director for Environment and Economy after discussion with the Cabinet Member for Finance and Property, to approve minor amendments to the form of contract, and any subsidiary or related documents, prior to its execution which do not modify substantial aspects of the contract or the commercial agreement with Participant A as outlined in the report; and**
 - (b) **the Director for Environment and Economy to sign any subsidiary or related documents arising from the contract.**

HUW JONES
DIRECTOR OF ENVIRONMENT & ECONOMY

SUE SCANE
ASSISTANT CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

March 2012

Background Papers: The following papers are available in the Members' Resource Centre

1. Business Case: Oxfordshire Property Driving Change
2. Project Initiation Document (PID)
3. Scopes of Service for Contract
4. Audit Reports
5. Gateway Reports
6. Risk Register
7. Project Agreement and Schedules
8. Payment and Performance Mechanism (PPM)
9. Legal Assessment regarding Final Tender
10. Previous Cabinet papers inc:
 - a. Cabinet Report June 2011 – Project Endorsement
 - b. Cabinet Report October 2011 – Inclusion of FWT/QCS in scope of contract
 - c. Cabinet Report February 2012 – Inclusion of FWT/QCS in contract