



Contract Award Report For Appointing A New Main Contractor For The Provision Of Statutory Testing, Inspection, Repair & Maintenance Services (Corporate). Contract Award Report

Key Decision No: FCR S053

**CABINET MEETING DATE
(2021/22)**

24 January 2022

CLASSIFICATION:

Open with Exempt Appendix 1 and 2

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 Appendix 1 and 2 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Mayor Philip Glanville

KEY DECISION

Yes

REASON

Spending/Affects two or more wards

GROUP DIRECTOR

Ian Williams, Group Director of Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report follows a series submitted to the Cabinet Procurement and Insourcing Committee, and marks a key stage in the Council's journey to refine and mature its method of delivering maintenance. The Council's first obligation is to sustain a testing, inspection, responsive repair and maintenance regime for its buildings, in order to meet its statutory duties and to maintain a fit for purpose estate. This report seeks authority to enable the Council to appoint a partner to deliver this service. This follows the 2014 strategy, revised in 2017/18 to allow time for the Council to develop proposals for increasing the instance of insourcing of such services, in line with evolving policy. The proposals for the potential for insourcing maintenance services, recommended the insourcing of the Council's client team, and work has progressed, encompassing the development and costing of a structure based on national best practice.
- 1.2. The Council has completed a competitive process as intended, and has fully adopted the government best practice contract form, being the Public Sector Contract, developed and promoted by the Crown Commercial Services Framework and has substantially strengthened its asset data.
- 1.3. Crucially, the Council has procured this contract wholly in line with its Sustainable Procurement Strategy, and will work with the new partner to seek ever more opportunities to accelerate the Council's progress towards net zero.
- 1.4. Following the appointment of the new partner, there must be an immediate focus on the successful mobilisation of the contract, and a clean and disciplined closing of the current contract. This is a demanding time, and its successful conclusion will allow the team time to continue its current activity in recruiting a permanent team, and ultimately develop the future thinking for a mixed economy of in-house and externally provided expertise. As noted in the May report to CPIC, this approach supports a clear focus of moving on from a standard outsourced 'business as usual approach', as we work to bring a wider range of facilities and Hackney Council Corporate Estate services back in-house. Meanwhile, the Council has completed the insourcing of its vehicle maintenance service, adding to school cleaning and elements of highways maintenance.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. The Council has completed a competitive process as intended and as set out in the May 2021 CPIC report corresponding to this procurement. In order to move forward with the evolution of the Council's maintenance provision, as outlined in the May report and conceived in 2014, this report now seeks authority to appoint a Preferred Bidder from the Crown Commercial Services

(CCS) Framework for delivering Hard FM Services as defined at paragraph 5.1.2.

- 2.2. The approach aligns with the strategy outlined in the May report, seeking to adopt a contractual framework most appropriate for delivering the outcomes from the contract and the strategic intent. In so doing, the Council adopted the CCS recommended best practice form of contract for delivering the Hard FM Services, also known as the Public Sector Contract (PSC), supplemented by key provisions from the NEC form of contract to improve the delivery of Billable Works (quoted, minor works and projects).
- 2.3. A review of the PSC form of contract and discussion with the CCS administrators found that passing service obligations typical of a Hard FM Services contract to a Contractor, which is based on a national industry standard specification, has benefits associated with it being successfully implemented elsewhere. It is also continuously updated to align with regulatory change which outweighs the benefits associated with adopting a NEC Term Service Contract exclusively, which had been our stated intent in May.
- 2.4. Where the PSC form of contract is known for being more appropriate in terms of passing service obligations, the NEC form of contract includes provisions which can't be found in the PSC, and these were included to arrive at a best of breed form of contract which takes the best from both forms. Supplementing the PSC form of contract with the additional provisions needed for delivering project work, which CCS defines as Billable Works, will ensure the recommendations and outcomes previously made can be delivered under the new contract.
- 2.5. As highlighted in the May report, standard options available under the proposed PSC form of contract allow for a similar split of a fixed price structure to be achieved for the delivery of planned statutory and preventative maintenance, as what was recommended in the May report. It is supported by a very detailed and robust specification for delivering the standard services, including special templates to be maintained in contract, which are very important in terms of administration: having a premeditated standard for process and procedural content available at the start of the contract. This is available from the CCS suite of documents and schedules that have been adopted by the Council as part of the tender and will continue to be used throughout the contract.
- 2.6. A point to note is that the CCS Framework adopts SFG20, the industry standard for maintenance specifications, which officers recommended in the May report. It is the standard under the PSC form of contract, while also allowing flexibility to adhere to the manufacturer's recommendations where any existing warranties are in place, as is often the case with newly constructed or refurbished buildings (Christopher Addison House for example).

- 2.7. Another standard option available under the tender pricing structure is a provision to include an Inclusive Repairs Threshold (IRT). Much like the current interim contract in place in Hackney, the threshold for which is either £1,000 or £500 dependent upon Property Group and service based property criticality. As set out at para 5.1.2, the Hard FM Services are necessary to provide testing, inspection and responsive repair and maintenance services for ensuring the Council's buildings are maintained in a statutorily compliant condition, for a good quality and safe environment for staff and service users alike. It is therefore important to ensure the Contractor is liberated to undertake statutory remedial works more expediently than any non-critical follow-on works recommended, which may fall to client prerogative whether to instruct. As opposed to priority statutory remedials being a statutory duty or legal requirement to remedy (to avoid site closure/ declaring an installation unsafe).
- 2.8. Under the new contract, and adopting the PSC form of contract, there is more scope for co-creating a service behaviour that is focussed on achieving outcomes. This is more flexible when compared with the same under the NEC form of contract where any modification or tweak to an agreed proposal or instruction gives rise to early warning notices, compensation events and arguably a different behavioural focus. Behaviour which could become counter intuitive for delivering outcomes or strategic relevance under works contracts which are typically designed to be more rigid in terms of adhering to the letter of instructions, or indeed the contractor's interpretation of the requirement.
- 2.9. To this end, the CCS Framework approach is based on moving a large portion of price onto fixed rates for the delivery of what is considered necessary for maintaining a safe and compliant estate. Contractors on the CCS Framework have tendered rates which can't be exceeded for all the standard building types, and pricing for Hard FM Services is based on an area cost i.e. per square metre rate for delivering the Hard FM Services. Under the new contract, this will allow the Council to realise the benefits set out in the May report. These are briefly covered in more detail below.
- 2.10. Under the new contract, a higher level of cost certainty is available coupled with a reduction in the administrative burden associated with not having to manage valuations and payments for the fixed cost elements, which are priced on an area-based assumption. There are exceptions to this, where depending on the type of building, it requires bespoke pricing or adjustment to standard pricing. However the CCS prescribed process allows for these changes and this flexibility to adjust the specification to align with changing needs or requirements, and for this to remain part of the fixed cost is important for the service improvements planned for Hard FM Services to be delivered under the next contract.

- 2.11. Extra work is dealt with separately from the fixed cost for delivering the Hard FM Services, referred to as Billable Works under the new arrangement, and is based on a tried and tested methodology for dealing with typical maintenance and repairs and dealing with costs that sit outside the fixed price or Inclusive Repairs Threshold (IRT). Although this requires a different process for approval, and additional provisions from the NEC form of contract around payment terms (assessing Billable Works cumulatively and paying under certificates), it is specifically dealt with in the overarching general management obligation, service KPIs and monitoring regime.
- 2.12. There will be regular monthly payments based on a high level of predictable and accurate fixed costs and separate applications from the Contractor for any Billable Works agreed and instructed, which sits outside of the fixed cost. These are assessed separately.
- 2.13. Further non-cost benefits include a number of improvements in the systems to be used by the Council, not least of those being the move to Google Workspace from One Place Technology, and the ability to collaborate in folders shared with third parties in a secure environment without having to rely on email as before. However, the provision of Management Information on both the Council's own domain and including transparency in compliance with property related statutory obligations via a single accessible platform provided under the new contract, will ensure current work in progress and statutory records and services completed by Contractor related and third parties directly appointed by the Council, can be linked in a way that overall compliance can be monitored and reported on centrally.
- 2.14. The new contract excludes schools and the housing stock, as well as Hackney Education, Hackney Museum and Hackney Library which are maintained under a PFI and separate contracts. However, under the next contract the ability for calling off Billable Works up to £30k, aligned with the Council's standing orders can be done for any site in Hackney irrespective of whether it is a maintained site. Under the NEC Contract, sites in contract have to be listed, and any changes to the NEC contract data can be restrictive.
- 2.15. A Capital project can therefore have its origins under the new PSC form of contract regardless of whether it is a maintained site or not, any site in Hackney can be used and resourced from the new arrangement to take on project management responsibility. At the point of call-off the Council has the option to appoint the Contractor to manage the process during the pre-construction phase, where contractor fees for delivering the RIBA Stages are broken down in value bands (rates were tendered as percentage uplifts on project value, for each stage in the process).
- 2.16. Beyond this, should a capital project be approved to go to market the Contractor could be retained to essentially act as the Council's agent for procuring a main contractor for undertaking the works. As was the case in

previous arrangements with capital projects, the Council would be able to recommend contractors to use as part of the instruction to develop the new project to be determined by competitive tendering.

- 2.17. For more complex projects with a greater level of complexity and for which additional terms are needed the Council have opted to include a Special Schedule that provides template construction contracts most used in Hackney for delivering capital works (issued by the Council under Schedule 2, as agreed with Legal Services). Complex in nature capital works are classed as Tier 5 and although it can have its origins in the PSC form of contract, it is deemed a new arrangement for the purpose of contracting and allows the appropriate terms to be added at call-off. These terms typically include for a 12 month defects liability period, liquidated and ascertained damages or collateral warranties as may be required, depending on project complexity.
- 2.18. Under the new arrangement, the focus will be on improved accountability and greater resilience in demonstrating statutory compliance of Hard FM Services. Under a single-point Hard FM Services responsibility model for the coordination of works arising from testing and inspection, it is possible for some significant health and safety risks to be passed to the Contractor, most notably CDM Regulation 2015.
- 2.19. As noted elsewhere in this report, modern and focussed Key Performance Indicators are included within the contract, to encourage high standards of service. Some of which link with the CCS Framework monitoring regime, and the Hackney contract failing to perform will have wider implications for the Contractor in terms of other clients and future work. The support from CCS to address performance includes the ability to access other contractors from the CCS Framework to the extent any contractor fails to perform.

3. RECOMMENDATIONS

That Cabinet is recommended to:

- 3.1. Award the contract for provision of statutory testing, inspection, repair and maintenance services to the Preferred Bidder (Contractor B) from the Crown Commercial Services Framework for Hard FM Services (Facilities Management Marketplace RM3830 Lot 1b).**
- 3.2. Allow the existing 18 month interim contract arrangement currently in place, to be extended by three months to bridge the period needed to mobilise the new contract for a seamless transition and handover without a break in Hard FM Services.**

4. RELATED DECISIONS

- 4.1. Report to Cabinet Procurement & Insourcing Committee 10th May 2021 to obtain authority to proceed with new procurement for the provision of essential maintenance, statutory testing, repairs and maintenance contract through the CCS Framework for Hard FM Services.

5. REASONS FOR DECISION / OPTIONS APPRAISAL

5.1. Key Issues and Reasons for Decision

- 5.1.1. Following on from the Cabinet Procurement & Insourcing Committee (CPIC) Report dated 10th May 2021, and authority given to proceed with the new procurement, this report seeks approval to appoint the Preferred Bidder as a single Contractor to provide Hard FM Services.
- 5.1.2. Hard FM Services are broadly defined as maintenance of mechanical, electrical, and building fabric elements of buildings, that cannot be removed from the premises without compromising public health and safety of users, or without causing business interruption. These services tend to be specialist and delivered by accredited companies to ensure maintenance regimes meet with the requirements set out for each statutory header under various Approved Codes of Practice (ACoP).
- 5.1.3. Ensuring compliance certification and remedial works completion records are maintained for each site is at the core of Hard FM Services in order to meet with statutory and legal requirements under the Health and Safety at Work Act (HSaWA) and ACoPs. The Council therefore has a statutory duty to keep its estate compliant to ensure the health and safety of building users and the public.
- 5.1.4. The interim 18 month contract is due to expire in December 2021, before the new arrangement will be in place. The procurement timetable slipped as explained at para 5.2.1. and now does not allow the incoming Contractor the opportunity to mobilise the new contract while the incumbent Contractor is still in place.
- 5.1.5. A mobilisation period is important for hand-over to an incoming Contractor and is the period during which the incoming contractor validates the current arrangement and highlights any gaps in compliance records before the incumbent Contractor hands the estate over. It is also during this period that new systems are set-up, and the new service provider confirms local operating procedures and finer details of their service delivery proposal content with stakeholders to ensure the transition is seamless and managed properly.
- 5.1.6. The incumbent Contractor agreed to extend the current arrangement on the terms already agreed for the interim 18 month contract, to allow for

mobilisation and TUPE consultation to take place while there is continuity of Hard FM Services, to maintain safe and compliant buildings.

- 5.1.7. Without prejudice to inflationary uplift and reasonable costs associated with the extension, the fixed cost for maintaining a safe and compliant estate for the three-month period remains the same as under the interim contract. In terms of variable elements of works, we expect only critical or priority remedial works to be undertaken, any works that are not critical or are not causing a health & safety risk will be held back and deferred to be dealt with by the new Contractor.

5.2. Benefits realisation / Lessons Learnt

- 5.2.1. A suite of tender documents was prepared for the procurement via the CCS Framework, based exclusively on the New Engineering Contract (NEC) but following the issue to the market on the 31st of May 2021 and further dialogue during the live tender period, the decision was taken to adopt the CCS Framework's recommended PSC Form of Contract to deliver the Hard FM Services. Also to amend the areas in the PSC form of contract where benefits from including NEC provisions can be achieved, or where the PSC form of contract needs supplementary clauses. In order to do achieve this, the tender was subsequently paused and a fresh set of documents was prepared in line with CCS Framework requirements, and the team worked internally and with CCS to have a revised suite of tender documents completed that were subsequently issued to, and well received by, the Bidders on 8th of October 2021.
- 5.2.2. The proposed form of contract therefore includes as a main contract the CCS Framework PSC (Public Sector Contract), supplemented with the NEC form of contract where the PSC requires the Buyer to include additional provisions specifically for dealing with Billable Works.
- 5.2.3. A thorough review of the PSC form of contract was undertaken by the Council's in-house maintenance team, advisors and in conjunction with Hackney Legal and Procurement departments, which showed that any benefits associated with the use of the NEC form of contract can be achieved under the PSC form of contract. Indeed, certain provisions (including remedies) available to the Council under the standard PSC form of contract were considered to be more favourable to the Council than what could have been reasonably achieved from an open procurement process and adopting an NEC form of contract, which is one of the key benefits associated with accessing Contractors from an existing CCS Framework.
- 5.2.4. The Hard FM Services specification and performance monitoring mechanism available under the CCS Framework is robust. In addition to this, performance metrics are measured at Framework level, which aligns with the Council's Sustainable Procurement Strategy as outlined in Section 6.

- 5.2.5. Procuring a new long-term contract is expected to have the benefit of affording senior managers the time and space to focus on further developing the maintenance delivery strategy. This strategy moves away from a standard outsourcing model, to a more in-house mixed economy. In pursuit of this more mixed economy, officers will be noting lessons learnt on previous insourcing activity by the Council (as referenced at 5.3.10.).
- 5.2.6. The Council raised a query with CCS about the requirement on Contractors for maintaining log books, because a review of the specification found that it may not be prescriptive enough. The use of Building log looks within facilities management is intended to provide a clear, concise, easy to access summary of the building, its services and intended operation.
- 5.2.7. In the case of Hackney (not dissimilar to other clients), a variety of data is collected often by multiple stakeholders using a variety of systems and approaches. A lack of formalised or overarching structures for data collection and recording means that data can become lost or inaccessible, particularly during change of use, occupation or ownership and between maintenance contract periods.
- 5.2.8. Organising data by implementing a single approach, which is shared by all buildings and stakeholders, facilitates transparency and data availability. The benefits of this are reflected in greater efficiency in terms of time and cost, progress tracking, and reduction of uncertainty in planning and risk assessment, while allowing for informed and better decision making.
- 5.2.9. However, the key benefit of this approach, and in particular as it relates to Hackney, is in ensuring and maintaining Statutory Compliance. Lessons learnt from the current and past arrangements in terms of the provision of statutory documentation is that it is fragmented, and it is likely that it does not represent a complete and comprehensive log book as described above.
- 5.2.10. Electronic systems have not always been set up to be user centric, hard copy log books and documentation left on site has historically been at risk of removal or loss over time. In order to try to control access, steel document safe-storage cabinets were added around the Borough at circa 77 locations, however these are not currently fully utilised and the use of them needs to be considered in a holistic review of roles and responsibilities going forward.
- 5.2.11. In the specific context relating to Hackney, the intended philosophy behind the implementation of log books has been included as a Special Schedule as follows:-
 - 5.2.11.1. To provide a records-based evidence system to demonstrate Statutory Compliance, or, to identify gaps or required remedial works with clear accountability and processes assigned.

- 5.2.11.2. To provide a formal written record of 'Recorded Information' along with the associated written schemes of examination, and accountabilities as it applies for each site, in a format that works for the Council and aligns with industry best practice.
- 5.2.11.3. To support the contractor in the role of the Corporate Landlord's Agent in maintaining Statutorily Compliant sites.
- 5.2.12. The above will in turn support the Council, noted in its role as the Corporate Landlord responsible for the Service in managing devolved budgets of the internal stakeholders.
- 5.2.13. CCS responded to the query raised by the Council, noted above at point 5.2.6 stating that the framework did not capture this requirement explicitly and notified the team that their proposed change is something the CCS will now address in the refresh of their framework (RM6232 re-let).

5.3. Strategic Context

- 5.3.1. The CCS Framework's recommended PSC form of contract aligns with the strategic direction the Council wishes to take in that it promotes the development of a corporate model for delivering statutory maintenance throughout the estate.
- 5.3.2. It assumes a centralised budget for dealing with statutory compliance across the estate as a whole, within a technically and commercially robust structure that allows for a higher level of defined fixed deliverables to be included in the contract, and a better definition of variable costs and pricing mechanism.
- 5.3.3. It also includes incentives at contract level (specific to Hackney), that links with Framework KPIs on Sustainability which is monitored at the Framework. The standard metrics monitored at Framework level are closely aligned with the Council's wider corporate agenda and associated KPIs around sustainable procurement and sustainability targets (climate change, net-zero carbon and green initiatives, including innovation in the sector). Also worth noting is that these metrics are updated annually and the CCS Framework Contractors are All required to adhere with any changes, even if this has a cost impact that has to be passed down into contracts to meet with changing regulations.
- 5.3.4. The service delivery model includes for a semi-comprehensive "Inclusive Repairs Threshold", and specifies service standards under an output based contract, which adopts technology based on a centralised computer aided facilities management (CAFM) platform maintained by the contractor, including a service desk underpinning operations day-to-day, and an Emergency Out of Hours response service.
- 5.3.5. Under the CCS Framework a special provision was included under Special Schedule 2, allowing the Council to include template contracts to be used

when calling off Capital Projects of a more complex nature, which allows for the additional terms necessary to be included. For example, liquidated and ascertained damages (LADs), 12 months defects liability provision and collateral warranties clauses.

- 5.3.6. Budgets are covered in more detail in Section 5.7 of this Report, but the market testing via the CCS Framework has shown that the Council's pre-tender estimates were fairly accurate and base-costs from previous years' spend are realistic. Current affordability and pre-tender targets are met by the market testing exercise, with some contingency for this to increase as a natural progression when implementing the operational contract and in particular when the incoming Contractor validates asset condition and compliance, where we expect to see their tendered rates align more closely with the historic spend and with the proposed budget set at Section 5.7.
- 5.3.7. A previous assessment of insourcing opportunities concluded that the service does not currently have the ability to self-deliver maintenance services but identified areas necessary to focus on to develop the capability to move towards insourcing as part of the longer term plan. This included recommendations to first put in place a permanent and stabilised structure for the internal management team, to invest in technical infrastructure for data management, and to develop a corporate landlord approach to allocating and managing maintenance budgets.
- 5.3.8. As stated in the previous related decisions report (authority to procure via the CCS Framework) recruitment of the internal team and procurement of an asset management database have been identified as the first priorities in the next steps, alongside procuring the delivery partner.
- 5.3.9. Since the last report, a new structure for the internal management team has been agreed with Finance and officers are currently in the process of working with HR in the writing and evaluating of job descriptions ahead of recruitment in the next 3-6 months. The business case and funding for a new asset management database has also been approved and procurement of the selected system is also planned within the next 3-6 months.
- 5.3.10. Following the insourcing of the Fleet Maintenance service, and others recently completed or planned, a new Insourcing Knowledge Sharing Group is being established to help build the internal experience and knowledge base to share with those services preparing for the insourcing journey. Officers will engage with this group and other authorities that have insourced services and may be able to provide valuable insight into their experience.

5.4. Preferred Option

- 5.4.1. To award the contract for provision of statutory testing, inspection, repair and maintenance services to the Preferred Bidder from the CCS Framework for the delivery of Hard FM Services.

5.4.2. All submissions were evaluated in accordance with the requirements stated within the tender documents and a Preferred Bidder determined (Contractor B, as per evaluation summary in Appendix 1) who has submitted the most economical and advantageous tender, with their total charges within the anticipated budget cost for this contract.

5.5. Alternative Options (Considered and rejected)

5.5.1. The May Report gave approval to proceed to market via the CCS Framework and following expressions of interest 4Nr. compliant bids were received. All Bid submissions were evaluated across combined technical and commercial scores and evaluated in accordance with CCS Framework documents amended to suit the Council.

5.5.2. Alternative bids for the provision of Hard FM Services were considered and evaluated and a detailed analysis and evaluation of both the technical and commercial elements for each submission received can be found at Appendix 1.

5.5.3. All Bid submissions were evaluated across combined technical and commercial scores and evaluated in accordance with CCS Framework documents, amended to suit the Council, and after due process we issued initial findings to be discussed with CCS administrators. A number of necessary clarifications had to be raised as discussed with CCS, mainly to ensure the all bids are priced in accordance with the prescribed CCS pricing model, and show cost for TUPE and mobilisation separately as was the case. In total, there were three rounds of clarification and resubmission to align each tender and ensure the commercial evaluation is based on a level playing field.

5.5.4. Council officers have arrived at a Preferred Bidder recommendation and with this report seek approval to appoint Contractor B from the Crown Commercial Services Framework for delivering Hard FM Services.

5.6. Success Criteria/Key Drivers/Indicators

5.6.1. The key deliverable for this procurement, as noted in the May 2021 report, is the appointment of a Hard FM services provider on a new 5 year contract, and to have the contract mobilised and operational by expiry of the current contract in December 2021, with no gap in service for statutory tests and inspections, necessary remedial works or the reactive maintenance service.

5.6.2. As above at para 5.1 'Key Issues and Reasons for Decision', the new contract will not be in place by December 2021, the existing 18 month interim contract arrangement will have to be extended by three months to bridge the period needed to mobilise the new contract for a seamless transition and handover without a break in Hard FM Services.

- 5.6.3. Success will be measured by demonstrating statutory compliance throughout the mobilisation period, without interrupting essential maintenance services required to maintain public health and safety in Council buildings.
- 5.6.4. A key focus for the next contract is on the Council's resilience to demonstrate statutory compliance and quality accommodation throughout the estate, shown to have consistently improved throughout the duration of the next contract.
- 5.6.5. The contract will also seek to drive improvements for service users and stakeholders as identified in the lessons learnt process, which highlighted service improvements needed in terms of the availability and ease of access to records (logbook information). In addition to this, the delivery of quoted and minor works and projects and a more customer-centric service to cater for all types of building types, occupancy and use.
- 5.6.6. Further to the above, the emphasis will be on the key information to be made available to the Responsible Person for each site and for this contract to facilitate tracking of remedial works and report across all sites by exception any misalignment that could compromise safety at any of the sites in contract.

5.7. Whole Life Costing/Budgets

- 5.7.1. Pre-tender estimates were based on historic costs, which were confirmed by market testing to be fairly accurate. We expect the validation process during the mobilisation period to identify anomalies which could have both a positive and negative impact on price, but overall we expect this to align closely with our historical cost base for delivering the same scope of Hard FM Services.
- 5.7.2. Billable works are delivered under four Tiers, each attracting a different mark-up percentage and applied for separately under the contract and as before this requires pre-approval from the budget holder before works can proceed: at which point it follows Council standing orders, and cost centre information is confirmed as part of the instruction to proceed.
- 5.7.3. The Council introduced under reference of 'Business Critical Events' (BCE) a list of routine statutory and mandatory remedial works items and tasks to be delivered by the Contractor on a 'pre-approved' basis. Where the Inclusive Repairs Threshold (IRT) excludes a replacement by definition i.e. an end of life replacement or anything that wasn't there but required for compliance (for example a new fire-extinguisher) can be replaced as part of the planned visit rather than delaying a replacement to confirm a cost for anything already on the pre-agreed BCE price list.

5.7.4. The contract will therefore comprise:

Fixed Cost	An annual fixed cost element (fixed charges for delivering planned maintenance, testing and inspection regime, some reactive maintenance and repairs under the IRT). Annual cost divided by 12 and invoiced monthly. Like before under previous arrangements, this element will be funded by revenue contributions from devolved budgets pooled into a holding account each year (at the anniversary date).
Business Critical Events	Priority Remedial works as defined on the BCE price list, invoiced monthly for measured works. Based on an understanding of condition and spend in previous years, budgets will be set for contributions to be made to the above central cost code to allow statutory, mandatory and business critical remedial works and compliance to be managed centrally.
Billable Works	Work that is instructed extra-over the above, and agreed with the budget holder or nominated representative(s).

5.8. Policy Context

- 5.8.1. The principles and aspirations of the Sustainable Procurement Strategy have been recognised wherever practical and appropriate in the contract specification. As this procurement relates to the built environment there is in particular a need to support the Council's 'Procuring Green' agenda, and to support the local economy through the supply chain and use of local labour.
- 5.8.2. The tenderers were asked to demonstrate as part of their submission their commitment to reducing carbon, supporting the local economy, procuring parts that increase efficiency and this is set out in Section 6 below.
- 5.8.3. The new contract includes Hackney specific changes in response to the industry changing to digital logbooks for buildings to replace hard copies where read-only access to versions held online in contractor systems is offered to the client. The change specifically relates to notices from the Contractor to the Responsible Person at each site, as opposed to the Buyer. A lesson learnt in past contracts is that delay associated with such notices being served timely and to the right person is where they are submitted with payment applications to the Buyer as opposed to the Responsible Person at each site who is responsible for compliance of their buildings.
- 5.8.4. CCS have taken some of the changes proposed by the Council as a revision to their Framework Specification, one in particular relates to a requirement which the Council felt had to be more specific to emphasize the Contractor's obligations for maintaining logbooks and serving notices on the 'Responsible Person' at each site, as opposed to the Buyer. Further to this, a requirement to report by exception on anything outstanding across all sites, which

undermines compliance and having clear responsibility assigned for anything outstanding falling under a statutory header or which pose a risk to the health and safety of users or business continuity.

- 5.8.5. The Council included a special schedule on logbooks, in which it has set out specific requirements for logbooks which expands to expand on CCS Specification and in which the Council explained the use of the BCE list to expedite priority statutory, mandatory and business critical remedial works to ensure corporate risks can be managed and monitored centrally.
- 5.8.6. Under the CCS Framework, there is the option to update or add to the standard CCS Framework Specification to align with any specific amendments proposed by or required by the Council. The proposed amendments were agreed by CCS administrators as moving closer to striking the right balance between Contractor and Employer responsibilities when it relates to statutory notices and particularly a responsibility for maintaining accurate and succinct logbooks able to demonstrate statutory compliance.
- 5.8.7. Indeed, the proposed change will ensure an emphasis is put on reporting by exception any reason why statutory compliance is not achieved and a requirement to make it clear what action is needed to remedy and by whom. This is very important especially under COVID-19 restrictions where remote working practices are likely to continue to challenge the Council's ability to monitor performance or respond to demands of the day-to-day issues arising from each site remotely.

5.9. Consultation/Stakeholders:

- 5.9.1. No statutory consultation required.
- 5.9.2. TUPE - The Council will be required as part of the mobilisation process to ensure that the applicable TUPE regulations are followed and the methodology for this has been requested as part of the tender technical submission. It is incumbent on the Council to ensure that the correct process is followed.
- 5.9.3. The key stakeholders for this service are the departments that occupy and provide the services from the Council's buildings, and at the point the decision was taken to adopt the CCS Framework, the key documents and schedules for operating the new contract were shared with all Stakeholders' nominated representatives familiar with the running of the previous contracts. The CCS Framework introduced a refreshing level of standard templates and schedules to be completed by stakeholders, affording them the opportunity to comment on service levels for each site, and to confirm the standard and level of information required from Stakeholders: offering good insight on how the contract will be operated and importantly highlighting key information the CCS Framework require for each site.

5.9.4. The process of engaging with Stakeholder groups to confirm their requirements in the prescribed CCS Framework format ready for tender and pricing highlighted areas for further work and clearly showed a key benefit associated with adopting the CCS Framework and a standardised approach to confirming what are typical Hard FM Services. There is a set process for engaging stakeholders in the required level of the technical detail needed in CCS Framework schedules to tailor options and standards available to confirm the requirements for each site, allowing the scheme specific nuances to be captured alongside what are standard requirements for all sites.

5.9.5. Stakeholders were also positive about the emphasis put on mobilisation. Although this is an 'optional Schedule', CCS strongly recommend using this schedule to ensure that co-creation of service and local operating procedures are delivered in a focused manner, that it links to milestone certification and payment process to be achieved in setting up the new contract. However, concern was raised how ongoing COVID-19 restrictions could impact mobilisation and early engagement needed throughout the Council and the new Contractor familiarising itself with the estate and meeting Stakeholders.

5.10. Risk Assessment/ Management

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
COVID-19 Restrictions, or other cause of delay to the commencement of the mobilisation period and contract commencement	M	H	H	Obtain Cabinet approval and mobilise Contractor B. Extending the interim arrangement to ensure continuity of Hard FM Services, to allow for TUPE and a seamless transition of the Hard FM Service to the incoming Contractor.
Contacting fails to invest adequately in contract mobilisation, infrastructure and staffing	L	H	H	Robust procurement undertaken with comprehensive evaluation of returned tenders from a technical and commercial perspective to ensure appropriate resources allocated. Adopt optional mobilisation schedule available under CCS, which links key mobilisation milestones to a formal process, certification and payment.
Incompetent Contractor appointed	L	H	H	Procured via established high quality framework, and resourced tender evaluation team with experienced internal and external personnel and experts.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
				<p>Framework Guarantee in place, but in addition to this either a Parent Company Guarantee/ Performance Bond will be required.</p> <p>Client and Contractor teams should work to behave as a single team as far as the end user is concerned, motivated to collaborate and work constructively together in pursuit of continuous improvement.</p> <p>While the client team has a duty to ensure that the Contractor meets the requirements of the contract, it should also be alert to its own ability to contribute to continuous service improvement.</p>

5.11. Insurance

5.11.1. Insurance provisions for the contract were discussed at length with the Head of Insurance Services, who was satisfied that provisions are in line with LBH requirements.

5.12. Market Testing (Lessons Learnt/Benchmarking)

5.12.1. An appraisal of options for insourcing has previously been undertaken and summarised in previous reports.

5.12.2. Ahead of issuing the tender documents and finalising the specification a lessons learnt process was undertaken with a wide variety of stakeholders. This exercise sought the views of building occupiers and managers, service heads and budget holders, operational and commercial management officers who manage the current contract, as well as other key stakeholders such as Finance to inform and provide improvement to the proposed specification.

5.12.3. Many of the key stakeholders have been involved in either managing or working with the contract or accessing services through it for a number of years and therefore there is already a good understanding of the issues that are perceived to have not worked well or could be improved upon.

5.12.4. CCS Framework Contractors’ fixed rates for the deliverables in the specification have been shared prior to commencement of the procurement

exercise, and applied to the pricing matrix as a cost per square metre for each of the services in scope to determine a shadow cost. As noted in this report, Bidders have the opportunity to amend their rates downward in their tender submissions but are capped at these rates for standard building types for which a framework rate was tendered.

5.12.5. The commercial evaluation of the tender returns has ensured the tendered rates submitted for this tender by each Contractor do not exceed their tendered Framework rates.

5.12.6. Using the CCS Framework means Bidders are not allowed to exceed Framework rates for Standard building types. There are price caps linked with tendered rates at Framework level passed down into contracts for standard building types. Bidders try to improve on these rates and are allowed to offer reductions, but are not allowed to exceed framework rates for standard building types. The only exceptions are any building classed as "Non-standard", which are highlighted as exceptions to the norm, for example at Millfields Depot there is a Waste Transfer Station and a dog kennel that are classed 'non-standard'. Schools just to explain further by way of example would include rates for various types, including SENs, and the same applies to office buildings whether it be client facing or not there are rates for standard building types and sub-classes capped at tendered framework rates.

5.13. Savings:

5.13.1. The contract will be available to serve all public and corporate buildings across the estate and will be awarded on the basis of a competitive tender process to ensure best value for money.

5.13.2. It is important to note that the tender specification and evaluation criteria gave a greater weighting to quality of service over price. The rationale for this is provided in the May 2021 report, section 5.6 Success Criteria/ Key Drivers/ Indicators. The overall evaluation was based on a 70/30 split, with 70% of the score being allocated to the technical component and 30% to commercial.

5.13.3. The Bidders were afforded the opportunity to offer efficiency savings against their submitted pricing matrix. Contractor B offers a 1% reduction in contract value for every subsequent year of the contract, net of inflation. This is offered based on the efficiencies they are committing to deliver by the use of their IT platform and in-house operating practices, they further indicate this percentage could be increased in-conjunction with working with LBH on initiatives such as utilities measures and LED replacement schemes.

5.13.4. It should be noted that a focus on quality and paying 'the right price for the right service' allows for a more collaborative Employer/Contractor relationship which will be more productive and better able to drive innovation and continuous improvement. It should not be forgotten that buildings maintained to a poor standard are prone to developing problems which are costly to resolve in the long term, and therefore, poor quality maintenance regimes,

even where cheap, are unlikely to bring the Council long term cost savings, and are more likely to undermine the Council's ability to efficiently asset management plan for the long term.

6. SUSTAINABILITY ISSUES

6.1. Procuring Green

- 6.1.1. The ambitions of the Sustainable Procurement Strategy were included as a key element of the procurement process and Bidders were measured on their commitments to deliver against them.
- 6.1.2. Looking at overall responsibility and ownership of sustainability initiatives, Contractor B has set up a Sustainable Employment and Environmental Development (SEED) Committee, which will set and review objectives and performance against SEED goals on a quarterly basis. Collaboration and communication with the Council is a key part of this strategy.
- 6.1.3. This would be achieved in contract under a general management obligation i.e. the Contractor self-monitors and reports service performance measured monthly, but at quarterly, bi-annual, and annual meetings the agenda focuses less on service in period and more on trend analysis including measuring KPIs typically linked with Sustainability which are measured over a longer period of time (as opposed to every month). These meetings tend to be more strategic, and the forum where the Council and Contractor would set Procuring Green targets and agree monitoring methodology for reporting is at the annual meeting. The intention of the annual meeting is to measure performance against targets set quarterly and to agree changes to be implemented in the next contract year, mindful of lessons learnt or recommendations agreed to be implemented or emphasise corporate objectives and sustainability issues.
- 6.1.4. The following section is set out in line with the principal tenets of the Council's Sustainable Procurement Strategy, and shows what Contractor B has committed to deliver during the contract.
- 6.1.5. Contractor B operates a comprehensive integrated HSEQ policy and management system incorporating certification to ISO9001, ISO14001, ISO27001 and ISO 45001, covering the delivery of property and facilities management services.
- 6.1.6. The Contract allocates the following commitments to Contractor B:
 - 6.1.6.1. To consider the impact on natural resources when choosing goods and materials and reduce the supply of natural resources used in service delivery.
 - 6.1.6.2. To eliminate excessive packaging, with a particular focus on single-use plastics, without having a negative impact on the delivered goods. Contractor B has committed to share their experience and offer guidance to the Council in

relation to the phased removal of single-use plastics, having implemented such schemes already for other CCS clients, including HM Treasury.

- 6.1.6.3. Contractor B operates a reduce, reuse, recycle and recover approach to waste management. Contractor B will look to implement a range of innovative reduce and circular economy reuse initiatives. This includes the onsite reuse of air filters and PPE which can offer savings of up to 40% against purchasing from new, for each cycle and up to three cycles as currently recommended. Another initiative proposed is to donate older pumps to the charity 'Pump Aid' who will refurbish them and utilise them in community projects in Africa. Contractor B also has a partner who can redirect faulty equipment to the HM Prison Service for use in training schemes for prisoner rehabilitation.
- 6.1.6.4. Contractor B will commit members of their onsite team to an annual litter picking exercise across parks and lakes within the estate and community.
- 6.1.6.5. Contractor B will specify tools and equipment for this contract that represent optimum solutions to minimise electricity and water consumption when performing PPM, reactive, minor works and maintenance projects.
- 6.1.6.6. Contractor B has a single use plastic policy and has worked with key supply chain partners and manufacturers to simplify product packaging and where possible, reuse.
- 6.1.6.7. Contractor B is committed to integrating electric vehicles into their leased fleet where viable based on travel time vs daily requirement.
- 6.1.7. In addition to the above, Contractor B proposes to facilitate foot-based transport between close proximity sites and buildings by ensuring that parts and consumables for common PPM and repair tasks are located within secure locations onsite where possible. The use of public transport, walking and cycling to work will be promoted where possible, and subject to Government public health and safety guidance regarding COVID-19.
- 6.1.8. Contractor B has a travel-based carbon impact mitigation scheme in place, through which Contractor B will capture mileage of combustion based vehicles for the duration of the contract. Mileage will then be tracked and off-set through their nominated VCS accredited partner, Carbon Footprint Ltd. Contractor B proposes to partner with LBH to deliver tree planting across educational settings within the LBH estate, which is aimed at improving carbon awareness for local children and families within the borough, while contributing to biodiversity.
- 6.1.9. Contractor B has committed to identifying opportunities to work with LBH to implement the use of IoT (Internet of Things) sensors to monitor and manage energy consumption, to improve efficiency and drive behavioural change.

6.2. Procuring for a Better Society

- 6.2.1. The Council is focused on balancing social, environmental and financial performance. The Property team continues to work with colleagues across the Council to evolve and refine its own aspirations for deriving social value from future contracts.
- 6.2.2. For the delivery of the core aspects of the contract Contractor B proposes to self-deliver through the TUPE transfer of Hard FM staff and the use of local SME supply chain partners and mobile engineers employed by Contractor B.
- 6.2.3. Within the tender documentation, the standard CCS documents were enhanced with a Special Schedule to introduce the requirements of the Hackney Employment and Skills Plan (ESP) 21/22. The importance of the Council's contract award benefiting local businesses and residents has been impressed upon Contractor B. They have demonstrated an understanding of this and have undertaken to work with officers throughout the term of the contract towards this objective. Contractor B will, where there is opportunity to do so, engage with local businesses and residents through, for example, agreed advertising gateways that access local communities and bring local businesses into their supply chain for project works.
- 6.2.4. Contractor B proposes the deployment of apprentices and degree-apprentices wherever possible (see Contractor B Employment and Skills Plan, at Appendix 1). Their solution includes deploying a current apprentice who will be fully qualified by the time of contract mobilisation, then build apprenticeships into their growth solution where the Council identifies any greater requirements in maintenance activity thereafter. They will also adopt the current office trainee and provide training for them to develop their FM management skills using Institute of Leadership and Management accredited training.
- 6.2.5. Contractor B currently operates a "give a day back" scheme, where all staff are supported to volunteer a business day to work on a local social benefit or nature conservation project.
- 6.2.6. KPI's are included to support and ensure the contract supports, Procuring for a Better Society (Economic Impact):
 - 6.2.6.1. Number of apprenticeships as a result of the contract
 - 6.2.6.2. Number of training opportunities as a result of the contract
 - 6.2.6.3. The Preferred Bidder's commitment to the Council's Employment and Skills Plan, is included at Appendix 1.

6.3. Procuring Fair Delivery

- 6.3.1. The tender documentation and the CCS specification requires Contractor B to comply with the Council's policies and standards in relation to Procuring Fair

Delivery. They are committed to providing opportunity and a respectful environment for everyone who works for them within a safe and supportive workplace environment. Having reviewed our service requirements Contractor B has proposed two office locations situated within the dense clusters of PPM/ repair tasks and support foot-based cover. The plan is for a North Office at Stoke Newington and a South Office at Hillman Street.

- 6.3.2. The tender specification requested compliance with the Sustainable Procurement Strategy and all suppliers to the CCS Framework are vetted and pre-qualified including the requirement to demonstrate compliance with all UK public sector procurement regulations.
- 6.3.3. Contractor B has priced for and will pay the London Living Wage. This commitment extends to their supply chain. Contractor B is committed to respect human rights and treat its employees with dignity and respect, and ensure that these values are upheld by its own supply chain. This recognises not only the importance of quality of service to the Council but also the importance of potential suppliers being able to offer pay and benefits packages that are fair and commensurate with industry benchmarks, and allow them to attract and retain competent, committed and well-trained staff.
- 6.3.4. The Contract allocates the following commitments to Contractor B:
 - 6.3.4.1. Health and safety – a commitment to continually improving the health and safety of their employees, subcontractors and those affected by their activities, including members of the public.
 - 6.3.4.2. Equality and diversity – to provide an inclusive working environment where everyone feels valued and respected. Committed to equal opportunities, and ensuring that they do not discriminate against anyone on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation.
 - 6.3.4.3. Learning and development: to promote a learning culture that provides opportunities to equip employees with the skills and knowledge they need to grow their personal development.
 - 6.3.4.4. Fulfilling The Public Sector Equality Duty Including Ethical practices such as Fair Trade and corporately mandated commitments to sustainable and ethical procurement practices.
 - 6.3.4.5. Modern Slavery - The CCS framework works with government bodies to deliver an approach to managing modern slavery risk in public sector supply chains. This includes the use of a Modern Slavery Assessment Toolkit to help suppliers identify and manage potential risks in their supply chain and identifying sectors and categories of service where there is a greater risk of modern slavery. The CCS Facilities Management Marketplace RM3830 has been classified as having a 'medium' level of risk and as such suppliers are subject to assessment and risk mitigation measures.

- 6.3.4.6. Grievance and Whistleblowing - The tender specification required bidders to demonstrate that they have formal procedures and policies in place for employees to raise grievances and concerns in confidence and without fear of reprisal. Bidders were also required to affirm that as an organisation they recognise the importance of Trade Unions and workers rights, and will cooperate with Trade Unions in order to maintain good working relationships.
- 6.3.5. KPI's included to support and ensure the contract supports Procuring Fair Delivery:
 - 6.3.5.1. Percentage of people recruited as a result of the contract
 - 6.3.5.2. Number of staff employed with a 30 mile radius
 - 6.3.5.3. Proportion of expenditure that has passed to local SMEs and social enterprises

6.4. Equality Impact Assessment and Equality Issues

- 6.4.1. The impact identified in the Procurement Impact Assessment (PRIMAS) tool used to evaluate the impacts on equality, the environment and efficiency of Hackney procurements in line with its Sustainable Procurement Strategy was low and no issues have been identified. This has been monitored during the procurement process for any changes to the level of risk but there is no expectation that the procurement or delivery of the procured services will require a review and/ or change to policies or processes associated with equalities issues.
- 6.4.2. Contractor B's submission in respect of Staff Development and Training identifies that a good level of training has been allowed for.
- 6.4.3. Contractor B will have adequate control measures in place. They have demonstrated a commitment to a robust approach to Health and Safety including the appointment of an HSEQ (Health, Safety, Environment and Quality) Manager, and Company Group support on Health and Safety requirements.
- 6.4.4. Environmental requirements are clearly set out in the contract specification, with particular reference to improving building efficiency, sourcing of materials, dealing with waste, vehicles and plant machinery and equipment.

7. PROPOSED PROCUREMENT ARRANGEMENTS

7.1. Procurement Route and EU Implications

- 7.1.1. The Crown Commercial Services Framework for Hard FM (Facilities Management) Maintenance and Capital works (sub Lot 1b) was selected as the most appropriate route.

7.2. Resources, Project Management and Key Milestones

Key Milestones	
Contract Award Report considered at Cabinet	24th January 2022
Standstill Period	10 calendar days (best practice/ not legally required)
Mobilisation period commences	5th February 2022 (4 months)
* Early Services Start Date	23rd March 2022
Full Service Commencement Date	7th June 2022

**The new contractor will be in a position to take over from the incumbent by this date, while continuing to mobilise the contract to Full Service Commencement in June 2022 when performance deductions starts to apply at the end of the mobilisation period.*

7.3. Contract Documents: Anticipated contract type

- 7.3.1. The CCS's prescribed PSC form of contract has been selected, supplemented as mentioned earlier in this report by NEC provisions for delivering Billable Works. Selection was subject to a detailed review as discussed at Section 5.
- 7.3.2. It adopts an industry standard which allows clearly defined roles for standard tasks to be assigned to both Contractor and Employer for statutory responsibilities. Binary links exist between the specification and the cost model, captured within a "Deliverables Matrix" which had to be completed as part of the tender documents to allow site specific service levels to be tailored to meet the specific requirements for each site, in a codified and structured manner.
- 7.3.3. Using the standard CCS Framework suite of documents provides a technically and commercially robust contractual framework, within which flexibility exists to develop scheme specific requirements. The Council added ten of these "Special Schedules", including the requirements for Hackney Town Hall and the Intruder Alarm Contract.
- 7.3.4. The standard CCS drafting has been amended to align succinctly with the Council's standing orders for managing variable works i.e. quoted, minor works and projects. The option to adopt a schedule of rates for maintenance works was also available and selected, which are to be used, if required, and at the sole discretion of the Council. Bidders were required to provide percentage adjustments against maintenance items within each of the Tiers (CSS term for price bands). Another aspect of adhering to CCS standards relates to overhead, profit percentage and management charges that are capped at Framework rates, not to be exceeded in competition.

7.3.5. Special schedules have been included to provide a commentary against the specification which removes items that will not be required, but also to expand on any requirements considered not explicit enough to ensure the Council's requirements are properly communicated.

7.4. Contract Management:

7.4.1. The awarded contract will be managed by Strategic Property Services', Corporate Property & Asset Management (CPAM) service, specifically by the Corporate Building Maintenance & Compliance team through the team Manager and the Maintenance Contract Service Manager. This will be done using the following tools:

7.4.1.1. Weekly update meetings;

7.4.1.2. Formal monthly, quarterly and annual contract meetings;

7.4.1.3. SLA compliance and KPI performance reporting (evidence based);

7.4.1.4. Random site checks and records audits;

7.4.1.5. Real time CAFM dashboard with bespoke dashboards to meet department requirements;

7.4.1.6. Helpdesk monthly performance reporting (generated by the CAFM system);

7.4.1.7. Monthly financial reporting of both fixed price element and certified monthly approved task orders;

7.4.1.8. Cost consultant (QS) checks on submitted task order quotations for reactive and remedial tasks above the inclusive threshold.

7.5. Key Performance Indicators:

7.5.1. The CCS framework includes a standard template KPI model for Hard FM Services which the weightings of the KPI performance measures on and requires the contractor to ensure that the deliverables are provided to meet or exceed the agreed KPIs. Furthermore the CCS Framework allows the Council to review on an annual basis to ensure the KPI's remain relevant and appropriate.

7.5.2. The KPI model allows for the Council to make an appropriate adjustment to the price for any failures against the agreed KPIs. Accordingly, the KPI model and the payment mechanism both complement one another with monthly figures taken from the KPI model being placed into the payment mechanism to inform any necessary deductions. If the KPIs are not met, the payment deductions will be applied by the Council against the Contractor for not meeting the agreed service levels, and under the CCS Framework this amount is capped at 6% of the value of the call-off contract.

- 7.5.3. The KPI's included cover performance in relation to Computer Aided Facilities Management Systems & Helpdesk Services, Maintenance Services (the deliverables), Sustainability, and, General Standards (management services).
- 7.5.4. A ratchet mechanism is included as standard within the CCS framework to address persistent KPI failure. Any continuous inability of the Contractor to maintain agreed service levels will trigger this ratchet system whereby payment reductions will increase in line with the agreed scale.
- 7.5.5. The Contractor has an obligation under the contract to provide the Council with an accurate and complete performance monitoring report on a monthly basis in a format that aligns with the KPI model which identifies actual performance for each KPI, a summary of all KPI failures during the service period, details of any persistent KPI failures and for any repeat failures details of the actions taken to resolve the cause.

8. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES

This report seeks the authority to:

- 8.1.1. Award a 5 year contract for the provision of Hard FM Services to Contractor B, as a replacement for the incumbent contractor;
- 8.1.2. Award a 3 month extension to the current incumbents, to allow for a smooth transition between contractors and prevent a gap in the Hard FM Service provision.
- 8.2. A procurement exercise was carried out to identify the Most Economically Advantageous Tender (MEAT) for the Council, that is to say, the one that best balanced quality and price and thus will deliver the best value for money.
- 8.3. There were 4 bidders for the FM contract, with their quality/pricing scores as below:

	Bidder A	Bidder B	Bidder C	Bidder D
Quality	49%	64%	65%	56%
Price	29%	26%	23%	21%
Total	77%	90%	88%	78%

Bidder B scored the highest overall and is the Council's preferred bidder. This is supported from the financial perspective.

8.4. Recommendation:

The preferred bidder's tender represents Value for Money for the Council, and is therefore recommended for award.

The new contractor will not be in a position to commence services to the Council for a period of approximately three months, which would, if services are ceased from the incumbent contractor at the end of their current contractual period, leave the Council without FM service provision until the new contractors are able to commence services, which places the Council in an at-risk position.

The incumbent contractors have been approached and are willing to extend service provision for a period of three months on existing commercial terms.

8.5. *Recommendation:*

The award of a 3 month extension to the incumbent contractor, is recommended to allow for both an uninterrupted provision of an FM Service whilst the preferred bidder mobilises to commence provision of service and to allow for a smooth handover of provision between the two contractors.

8.6. For further detail on the financial implications of this decision, see Exempt Appendix 2.

9. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS

9.1. Not applicable.

10. COMMENTS OF THE DIRECTOR OF LEGAL & GOVERNANCE SERVICES

10.1. Article 13.6 of Part 2 of the Constitution states that Key Decisions can be taken by the Elected Mayor alone, Cabinet collectively, individual Cabinet councillors and Officers. A Key Decision is defined in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012 as an Executive decision which is likely to: (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the Council. The services contract which is proposed to be awarded to Contractor B in this Report will result in significant expenditure by the Council and is therefore a Key Decision. In addition, Cabinet is authorised under the Mayor's Scheme of Delegation (January 2017) to agree the contracting out of Council services which is required in order to extend the services contract with the current provider. Cabinet is therefore authorised to agree the matters in this Report.

- 10.2. The Council used the Crown Commercial Services RM3830 Facilities Management Framework (Lot 1b) to undertake a procurement exercise for the appointment of a service provider. This Report sets out details of the result of such procurement exercise.
- 10.3. In order to ensure continuity of service before the commencement of the new service, and to ensure that the Council meets its statutory duties in respect of testing, inspection, responsive repair and maintenance of its buildings, it is proposed to extend the existing interim contract with the current service provider by a further three months. The additional cost of the three month extension to the contract is not 'substantial' and therefore is permitted as a modification to a contract under Regulation 72(1)(e) of the Public Contracts Regulations 2015.

11. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 11.1. Utilising the CCS Framework is a compliant route to market under the Public Contract Regulations and there was an effective competition due to the fact that there were a number of bids thus allowing the Council to demonstrate value for money.
- 11.2. A robust evaluation process has been conducted with the evaluation with support from the consultant team and Crown Commercial Services.
- 11.3. An early start has been factored into the contract to allow for essential services to be covered whilst we transition from the existing provider.

APPENDICES

None

EXEMPT

Exempt Appendix 1 - Evaluation Summary Report
Exempt Appendix 2 - Finance Comments

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 Appendix 1 and 2 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

None

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