

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	COMMUNITY SAFETY AND PROTECTION COMMITTEE		
DATE:	1 FEBRUARY 2022	REPORT NO:	CFO/005/22
PRESENTING OFFICER	CFO PHIL GARRIGAN		
RESPONSIBLE OFFICER:	DCFO NICK SEARLE	REPORT AUTHOR:	STEWART WOODS
OFFICERS CONSULTED:	HYWYN PRITCHARD – HEAD OF PROCUREMENT IAN CUMMINS – TREASURER RIA GROVES- HEAD OF LEGAL SARA DOWNIE- FM MANAGER		
TITLE OF REPORT:	FM CONTRACT		

APPENDICES:	APPENDIX A: BOUYGUES TENDER SUBMISSION
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Purpose of Report

1. To inform Members with regards to the facilities management contract and the outcome of the negotiation with the highest scoring contractor on the framework.

Recommendation

2. That Members;
 - a. Approve the award of a Five-year contract plus the option to extend for a further two years based on performance with Bouygues Energy and services Ltd.
 - b. Note the financial implications outlined in the report.

Introduction and Background

3. Following a full review of the Estates Department in 2010 a number of areas for improvement were identified. The Authority approved to market test significant elements of the Estates Function to be provided by an outsourced provider in order to provide a similar level of service to that of the newly built PFI stations. (CFO/124/10)
4. Subsequently, a detailed tender specification was produced over a two-year period with the OJEU advert being placed in March 2014. The outcome of the tender process was presented to the Authority at the Authority Budget Meeting in February 2015, report CFO/011/15.
5. During the period between 2010 and the subsequent award of the contract in 2015, the estates function underwent two major changes to produce significant financial savings for the authority, firstly a £100k saved in a review of the cleaning services and then a further £75k saving achieved in a reduction in the

management structure. Both these saving options reduced the opportunity for the future FM provider to make significant savings to the contract value.

6. In 2015 Members will recall they approved the recommendation in CF0/011/15 to award a total facilities management outsourced contract to Bouygues for a five-year term with the option of two further one year extensions.
7. The contract provides a wide range of services which were previously being performed by over 26 individual smaller external contracts or directly employed MFRA staff. Following a successful mobilisation period all affected staff were TUPE transferred to Bouygues ensuring that all staff would receive, as a minimum, the living wage
8. Below details some of the highlights the contract has achieved over the period since the award in 2015.
 - a. Implementation of a computerised 24hr / 7 day a week helpdesk
 - b. 98% of Bouygues staff providing the services under the Authority contract live in Merseyside
 - c. 75 young people via the Princes Trust provided with meaningful work experience
 - d. 68% of the sub contract expenditure is with SME's within Merseyside
 - e. Ecosite certification achieved for the contract, complimenting Bouygues' ISO14001 accreditation for their Environmental Management System and tailored to the Authority's contract
 - f. Internal and external reward and recognition awards to Bouygues staff.
 - g. Implementation of specialist Covid cleaning.
9. The contract has undergone two internal audits performed by Liverpool City Council on the contract management and performance monitoring of the FM contract-
 - a. 2015-16 – 'Based on the overall findings of our testing we can provide good assurance that the risks examined are being effectively managed and good assurance that the controls in place are being complied with. Given the importance of having robust contract management procedures in place, the corporate impact for the Authority of the residual risks is considered to be minor'
 - b. 2016-17 – 'Based on the overall findings of our testing we can provide substantial assurance that the risks examined are being effectively managed and substantial assurance that the controls in place are being complied with.'
10. The five-year term of the contract expired on the 1st July 2020, the contract allowed for two further one year extensions. The option to extend for the two further one-year extension were taken and the contract is now due to expire on the 1st July 2022. Both annual extension were approved based on the contractor's good performance.

11. The direct and indirect benefits and efficiency of utilising an outsourced contractor to carry the Facilities management service identified in CFO/011/15 were implemented under the current contract. The value of those benefits continue to be pertinent for the Authority and the new proposed contract would continue to incorporate those benefits as detailed below; .
 - a. Improved contract management (as per the internal audit reports)
 - b. Reduced Invoices moving from +26 Individual ad hoc suppliers invoices into 1 consolidated monthly invoice.
 - c. Introduction of a computerised asset management system.
 - d. 24hr Helpdesk / with self-report introduced via the portal.
 - e. Lone work improvements – monitoring for security guards.
 - f. Detailed SLA /KPI across the whole service.
 - g. Improvement in staff training (specialists Facilities training)
 - h. Staff incentive scheme
 - i. Reduced Tendering costs
 - j. Reduction in support services requirements such as HR / Finance / Procurement / Legal.
12. MFRS Estates and Procurement Officers have undertaken a review of the possible routes to market for the new Facilities Management contract. In order to reduce the risk and timescales it was concluded that the best route to market was through a Procurement framework agreement as opposed to an openly advertised competition.
13. On 31st August 2022, SLT approved the report 'Route to Market for the renewal of the FM service' and for procurement officers to use the Fusion 21 Framework and approach their highest placed framework contractor on a direct award basis.
14. The Fusion 21 framework was deemed the more attractive framework offering a more commercially advantageous offer. Fusion 21 is a social enterprise company based within the Merseyside region, with their head office in Knowsley. They were able to demonstrate a number of social value initiatives within the local area.
15. The Fusion 21 framework has only recently been awarded in March 2021, and is therefore considered to reflect current market conditions. A contractual obligation in the Framework Agreement is that appointed Suppliers will create social value equivalent to at least 10 credits for every £100k of contract value. As part of the procurement process suppliers would be required to develop and agree social value outcomes to be delivered with in a Social Value Delivery Plan.
16. Suppliers on the Fusion21 Workplace & Facilities Framework Lot 1 Principal Contractor were evaluated and ranked based on the award criteria of 40% Cost 60% Quality. 16 suppliers were successfully appointed to the Framework and in accordance with the original Framework evaluation; Bouygues E&S Solutions Ltd is their number one ranked supplier and may be appointed to carry out the required services as a Direct Award.

17. Bouygues submitted their proposal via Fusion 21 for a 5 year contract plus the option to extend for a further two, one year periods. Appendix A – Bouygues tender submission.
18. A value for money benchmarking exercise has been undertaken on the Cleaning service element of the contract, which is the highest value service line within the contract. This evaluated the Bouygues Cleaning service cost against our current PFI cleaning contract which undertook a similar market testing in 2020. This demonstrated that the Cleaning element of the Bouygues proposal is 14% less than our current PFI contract based on a m² rate.
19. The new FM contract covers the following main service Lines, with scope for further services lines to be added via direct award from the Fusion 21 framework:
 - a. Security
 - b. Cleaning
 - c. Waste collections
 - d. Energy monitoring / BMS System
 - e. Mechanical and electrical Repairs
 - f. Mechanical electrical Planned scheduled maintenance
 - g. Horticultural Grounds maintenance
 - h. Helpdesk
 - i. Pest Control
20. The possibility of bringing the facilities management services 'in house' was considered but the costs and 'in house' capability meant that this was not viable without an extensive financial re-investment. Such a reinvestment would affect our core services.
21. The outsourced specialist contract has afforded greater career progression opportunities for those staff who have helped deliver the services to the Authority over the previous 7-year contract with a number of staff progressing within the provisions of the Authority contract itself as well as the wider Bouygues Company as highlighted below;
 - Cleaner progressed to the soft services manager of a large North West contract.
 - An electrical technician obtain additional training to progress to become the Contract Manager.
 - Opportunities made available for graduates and apprentices to gain valuable experience across a varied range of specialist skill sets. With a number now directly employed within the MFRA contract.
22. The access to a wider cohort of specialist staff and contractors greatly assisted with the respond to Covid. Availability of Specialist deep cleaning team to provide a respond within hours 24hours a day following a positive covid case allowed stations to remain open.

Equality and Diversity Implications

23. An equality impact assessment (EIA) was completed at the time of the existing contract award and a new contract would not impact on this.

Staff Implications

24. If the decision to award the contract directly to our incumbent provider is approved, there will be no perceived negative implications on staff.
25. The procurement exercise factored in pay levels and Bouygues have confirmed that all staff are paid the National Living Wage.

Legal Implications

26. The Fusion 21 Framework is available to the public sector and suitable for use by the Authority.
27. Proof of the suppliers relevant insurance requirements will be obtained and an appropriate agreement will be completed if approved.

Financial Implications & Value for Money

28. The current year 7 annual contract value for the Facilities management contract is £1,268,491.15
29. The proposed new annual contract value is £1,379,810.58, which is a £112k increase (9%). This increase has been included within the proposed 2022/23 budget and medium term financial plan. The contract also includes an annual inflationary uplift of 2%, and this can be contained within the annual inflationary provision.
30. The overall contract value is shown below.

						Optional Years		
Year 1	Year 2	Year 3	Year 4	Year 5		Year 6	Year 7	
22/23	23/24	24/25	25/26	26/27		27/28	28/29	
	2%	2%	2%	2%		2%	2%	
£1,379,810	£1,407,406	£1,435,554	£1,464,265	£1,493,550		£1,523,421	£1,553,889	
			Total	£7,180,585	+	£1,523,421	£1,553,889	

Risk Management, Health & Safety, and Environmental Implications

31. The contract has undergone two internal audits over the last 4 years to ensure the contract management and performance is managed correctly. Both audits concluded that the risk to the authority was 'minor'.

32. Bouygues are the highest rank supplier on the framework and our current incumbent service provider, therefore the risk of challenge for direct award is greatly reduced.
33. The Contract has specific Key performance indicators to monitor Health and safety and Environmental performance of the contractor- Both consistently performing well and ranking high in the UK within the wider Bouygues company.

Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.*

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

34. The facilities management contract ensures all properties are maintained to a high standard, compliant and welcoming to all users/communities/ MFRS personal.

BACKGROUND PAPERS

CFO/124/10 Estates outsource area model
CF0/011/15 Facilities maintenance contract

GLOSSARY OF TERMS

AUTHORITY Merseyside Fire and Rescue Authority

MFRS Merseyside Fire and Rescue Service

OJEU Official Journal of the European Union

TUPE Transfers of undertakings(Protection of Employment) Regulations