

RFI's summary

Summary from the Request for Information May/June 2024 and following one-to-one meetings

Background

Essex County Council's current Total Facilities Management Contract is ending on the 30th September 2026 with no further option to extend. Therefore, the Council has started a journey of discovery, regarding how the Facilities Management provision could evolve and innovate beyond this date and has engaged with the Facilities Management Industry as part of this approach.

Following initial Market Engagement, the Council have engaged further with the market through an RFI. A PIN notice was published and the RFI was available on the Council's sourcing Portal Pro Contract, Project DN710367.

The RFI was aimed at TFM providers who can carry out all three of Hard FM, Soft FM and Programme Management. Following the RFI, the Council have requested additional meetings with all the respondents to discuss their answers in greater detail.

The following summary shows the key findings from the RFI questions (questions 1 to 5) as well as topics that were discussed in the 1-2-1 meetings (questions 6 to 8).

Q1- Relevant Experience

Background: ECC current total facilities management contract covers an estate of around 350 properties. The recurring spend on Hard and Soft FM services is approximately £10 million per annum. There is also a large additional spend on ad Hoc work and projects.

Question: Please provide a description of your companies' previous experience working on large total facilities management contracts comparable to the size of ECC's facilities management contract.

Findings

- **There are some actors on the market with significant experience in dealing with contracts of comparable breath and spend to ECC's**
- **The market has significant experience covering the range of Hard FM, Soft FM and Projects services ECC requires**
- **The market has significant experience working on contracts with a similar estate size to ECC**

Q2 Contract type

Background: ECC is currently using an NEC contract but has had to include a number of additional clauses (X clauses) to obtain the level of protection expected by the Authority.

Question: Please explain the pros and cons of an NEC contract or a bespoke contract created by ECC?

Findings

- The market was flexible in being able to work with both bespoke and NEC contracts based on the individual needs of the client
- The market emphasised its familiarity with NEC contracts
- The market emphasised NEC contracts have a key strength in proportionality allocating risk
- In ECC context of estate reduction, particular focus should be given to the process for disposal of properties and how it impacts management fees, overheads and profit

Q3 Specifications

Question: Please outline the pros and cons of input specifications, output specifications and outcome-based specifications, giving some examples of what can and cannot be achieved with each. Please provide some best practice and written examples of client specifications for the services in scope.

Findings:

- We received a variety of examples with input, output and outcome specifications.
- An input specification would give the client more control on the service but can limit the ability of the supplier to innovate.
- An output or outcome specifications would allow the providers to be more creative and optimise their resources, but needs to be written careful to avoid ambiguity and risks for both parties. Strong commercial contract with control and collaboration are required to support and challenge providers.
- It is common to see hybrid specifications where clients are more prescriptive on the service in areas where they have had quality issues or with regulatory requirements.

Q4 Price indexes

Question: For each of these services, Hard FM, Soft FM (including Business Services such as Print and Records Management) and Project work, please indicate which price index is the most appropriate and whether services need to be split into their components (equipment, overheads, labour, management) with different indexes for each to accurately reflect the changes in costs.

Findings:

- The general view is that using a sole index for all services reduces administration effort and delays to apply new rates and that a separate arrangement should be agreed for minimum wage; it was also mentioned that it is important to maintain pay differential between employees, team leaders and supervisors
- An annual indexation seems to be the standard on the market
- An output specification would allow the providers to make some changes to offset some cost increase incurred over and above the applied index
- Rates listed as part of the responses were: Consumer Price Index, Construction Price Index, RPI, PPI, MLW, NLW, LLW, BICS indexes and Average Earnings Index Whole Economy, for Hard FM

Q5 Incentive mechanism

Background: ECC is keen to drive continuous improvement and savings as well as innovation from the future contract to ensure our contract remains as up to date as possible with changing market trends.

Question: Please provide your companies view on how ECC can best create incentivisation within the contract to deliver above and beyond on the contract, and drive continuous improvement, innovation, and savings for ECC?

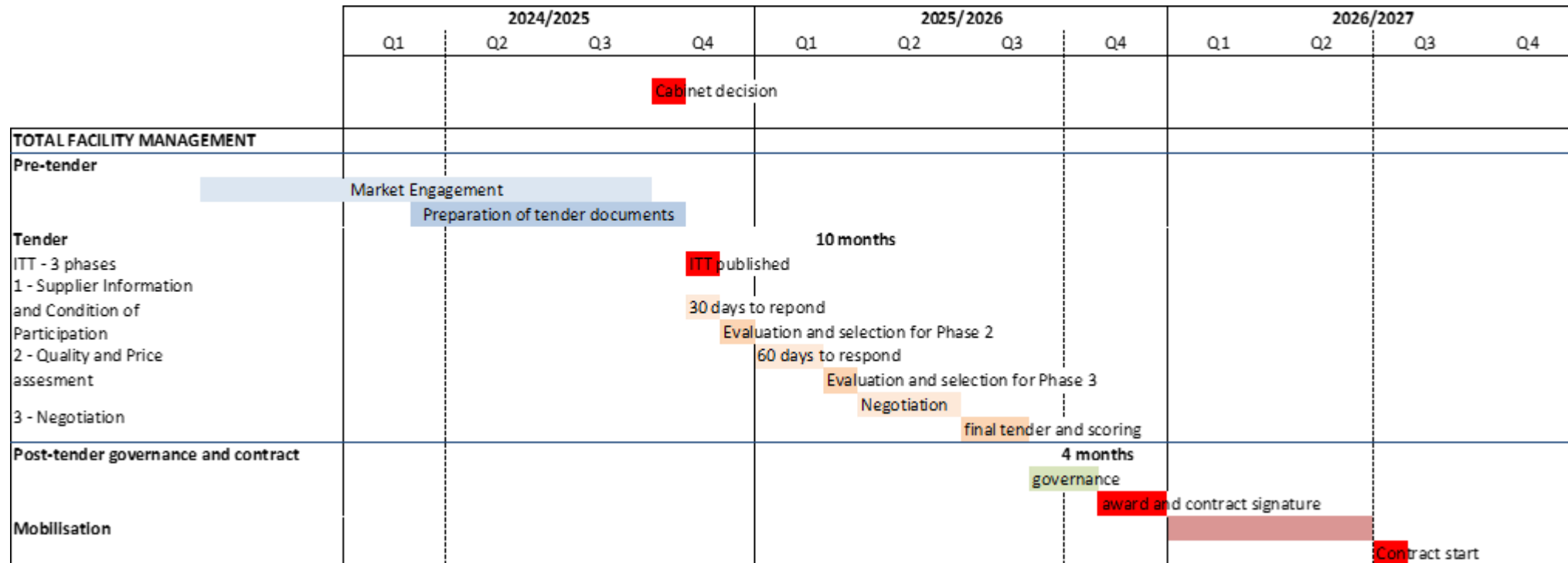
Findings:

- The market general views is that gainshare mechanisms can help deliver more value in the contract. The split between client and provider must be carefully considered to incentivise both parties to drive change during contract life. The duration of the split can be agreed on a case-by-case basis.
- Savings can be re-invested into the contract to deliver additional benefits
- Incentivisation can also come from financial reward for exceeding KPIs, saving targets and Super KPIs linked to strategic objectives
- Rather than punitive KPIs, some providers have had positive experience where service credit could be earned back
- Contract extension could be linked to achieving targets for the contract
- For long term contract, contract review and change mechanism would allow to adapt to evolving priorities

Q6 Procurement process and timelines (1/2)

Background: ECC is considering a Competitive Flexible Process with negotiation to source the future TFM contract. The estimated timelines below were shared with the providers.

Questions: Is there anything in the timelines that looks challenging? Regarding site visits, when and how should they happen? Which type of sites would be useful to see? For a contract of ECC size, what benefits can we achieve through negotiation?



Q6 Procurement process and timelines (2/2)

Findings

- It was feedback that the process and timelines look good with enough time to respond, as long as all the ITT documents are published with the SSQ/Conditions of Participation
- The providers have highlighted the cost of responding to a multi-stage tender and will look carefully at how many bidders are kept at each stage of the tender
- The general view is that site visits do not need to happen before ITT, if the data pack contains enough information on the buildings
- The providers would find it useful to see a few representative sites after SQ. Suggested types of sites were: rural, county hall, city or most serviced, least services / each end of the scale or anything out of the ordinary or site with carbon neutrality opportunity or with saving opportunity. Purpose for the visits will have to be defined.
- Providers indicated that negotiation around the allocation of risk, contract clauses and outcome specifications could help remove ambiguity and lead to reductions in price in the final tender
- A few providers have suggested that a competitive dialogue could be beneficial to design the most appropriate solution for ECC TFM contract

Q7 Social Value and Climate approach

Question: How familiar are the providers with the FM TOMs? Would they find it useful to cover Social Value at market engagement? Is there any industry standard carbon calculator that would be relevant to our scope or do clients or providers tend to develop their own?

Findings:

- The market is familiar with the FM TOMs
- They would welcome a market engagement session to understand ECC's priorities to be able to adapt their Social Value proposal to ECC context
- Most providers are able to measure their scope 1 and 2 emission; scope 3 is more challenging to capture
- Providers tend to use their own carbon calculator and some clients design their own calculator
- Providers have indicated that clients building emissions cannot be solely the responsibility the FM provider

Q8 Data and Systems

Background: today ECC relies on 2 provider systems for property data management. There are some inconsistencies of data, delays and risks that ECC is looking to mitigate with the future contract.

Question : What is the most common model in term of property data management? What in their view works best? Can a client expect some saving if they have their own CAFM system?

Findings:

- Local authorities tend to have their own system to manage their property data
- FM providers are used to sending / sharing data with other client owned system and can be flexible on data management model
- Whether the client has a CAFM system or not, most TFM provider will still use their own system as it supports a many activities related to their operations (resources management, procurement, billing)
- Clients should not expect a lower price for their FM services if they have their own CAFM system
- Time to create system interface should be taken into account in mobilisation period