Essex County Council

ECC FM market engagement January 2025

summary of the findings

Background

Essex County Council (ECC) seeks input from the market to inform the design of a procurement opportunity concerning its future Facilities Management solution. ECC has had a Total Facilities Management Contract in place since 2011, expiring in 2026, encompassing a very broad range of facilities management services across a vast estate. We are keen to get further insight from the market into the areas in this RFI to help with the design and specification of our contract documents.

The Council have engaged with the market through an RFI. A PIN notice was published and the RFI was available on the Essex Provider Hub and the Councils e-sourcing Portal Pro Contract Project DN710367.

The RFI was aimed at providers who can deliver a total Facilities Management contract consisting of Hard and Soft FM services as well as project and programme work, particularly those providers who have experience delivering these services on contracts at the size and breadth of Essex County Council's.

In January 2025, ECC engaged with the market with some question regarding contract duration options in the context of LGR, weighting for the tender and some specific questions regarding works project procurement. Providers were asked to respond in writing to a problem statement and were invited to in-person meetings in February 2025. You will find below the key findings from this market engagement.

Q1 – Contract duration in the context of LGR

Background:

Essex County Council is exploring the options related to Local Government Reform (LGR) with our partnering authorities across Essex . It is likely to result in the creation of 3 or 4 Unitary Authorities (UA) that will begin to deliver services in April 2028.

ECC properties, in scope for the future Facilities Management contract(s), should be transferred to the newly created UA's to form part of their portfolio. However, it is anticipated that a transition period will be required for the new councils to run their operations. Therefore, ECC is looking at the optimal duration and contract arrangements for the new Facilities Management contract(s) in order to support the implementation of LGR and operational transition to the UA's.

The future contract(s) are due to start in October 2026, that is 17 months before the new UA's are planned to begin service delivery. We are currently considering 3 options for the duration of an Essex wide TFM contract:

1/ An initial term of 5 years with provision to novate the contract to the new UA's either individually or to a single body to deliver services on behalf of all. An optional extension period of 5 additional years will be provided for;

2/ A longer fixed term, i.e. 10 years with provision to novate the contract to the new UA's either individually or to a single body to deliver services on behalf of all. We would incorporate a break clause to allow the UA's to terminate the contract after 5 years;

3/ A short-term contract of 17 months terminating as the new UA's take over responsibilities.

Key points raised by the respondents:

options	Opportunities	Risks	How risks could be mitigated
Option 1: 5 years + 5 years extension (with novation)	- Stability and continuity - Encourages investment and innovation - Flexibility with review point - Supports smooth transition to UA's	- Uncertainty at extension may limit investment - Disruption if UA's have differing needs - May be seen as only a 5-year deal	- Early engagement with UA's - Clear extension/novation mechanisms - Regular reviews and price adjustment clauses
Option 2: 10 years with 5-year break clause (with novation)	- Enables long-term investment and partnership - Cost efficiency and continuity - Attracts high-performing teams - Break clause offers flexibility	- If break clause is easily used, may be seen as 5 years - Less flexible if UA needs change - Complexity in exercising break clause	- Clearly defined break clause criteria - Regular reviews and benchmarking - Strategic governance and partnership boards
Option 3: 17 months (short-term)	- Allows UA's to reassess needs - Minimises long-term commitment during change	- Least attractive to providers - Low market interest - High mobilisation/transition costs - Service disruption and instability	- Only as a stop-gap if UA's not ready - Allow for interim extension if needed

Most providers have expressed a preference for a longer term contract (option 1 or 2) to deliver long-term value and despite the uncertainty of LGR.
All providers would find it useful to attend a session where ECC explains what LGR might mean for Essex.

Q2 - Weighting for tender evaluation

Respondents have generally recommended a higher weighting on quality than price to ensure service reliability, innovation, and long-term value.

Typical suggested splits: 60–70% Quality, 30–40% Price, 10% Social Value (that could be included within the quality score)

Emphasis on quality would encourage providers to deliver better outcomes, invest in staff and technology, and focus on customer satisfaction.

Most respondents agreed that if price weighting exceeded 40–50%, quality is likely to be compromised. At high price weightings, bidders may cut corners, reduce investment in skilled labour or technology, and focus on meeting only minimum requirements.

Risks of High Price Weighting:

- Reduced service quality and operational performance
- Limited innovation and reluctance to invest in sustainability or workforce development
- Higher risk of service disruptions, increased reactive maintenance, and lower customer satisfaction
- Risks of losing some potential bidders if price weighting was above 50%.

Q3 – Project work procurement

Background:

ECC has a large spend on capital / project work that is currently delivered by the TFM contract. In recent years, the spend has been £20m+ with circa 500 projects per year. The majority of the projects are low value and only 10% to 15% have a value of +£100k.
ECC wants to ensure that Best Value is achieved when procuring these projects through a single TFM provider. The intention is to request the TFM provider to replicate ECC sourcing and evaluation processes for project work.

Sourcing Process per project value (projects can be aggregated where relevant):
A. < £10k single source quote – to be scrutinised and ensure VFM and benchmarked. Fixed Price
B. £10k >£100k Request for Quotation (RFQ) – at least 3 quotes from Contractor Supply Chain
C. > £100k Invitation to tender (ITT) - at least 3 Tenders Electronic Tender
D. Any sourcing that does not comply with the above process will be subject to a waiver process before the contract is awarded. The waiver documents will as a minimum describe the number of providers invited, number of bids received and an analysis of the reasons for no bid. The provider will submit waiver to ECC contract manager and for approval or rejection through ECC governance process.

Evaluation process of the bids received:
RFQ: ability to meet minimum requirement, evaluation 100% price
ITT: - Price / quality split agreed on a project by project basis
Social Value to be included in all ITTs with a minimum weighting of 5% (use of ECC TOMs calculator)
Carbon Reduction Plan required in all ITTs
Recommendation presented to ECC with evaluation table showing criteria and scores for each bidders

General consensus from the respondents:

Most providers stated that ECC's proposed process is familiar, acceptable, and aligns with standard practice.
No major challenges were identified, but a few practical considerations were raised:

Challenge	How providers suggest to overcome It
Administrative burden of waiver process	Use digital procurement systems to streamline approvals and tracking
Supply chain capacity for multiple quotes	Maintain a pre-approved, performance-managed supply chain
Tight turnaround times for quotes	Set realistic timelines based on project complexity
Risk of over-reliance on lowest price (100% price for RFQs)	Introduce minimum quality thresholds even for low-value projects

Providers have suggested to measure their own performance via:

- KPIs and SLAs:
  Time: Delivery against programme
  Cost: Adherence to budget and estimates
  Quality: Defects, snagging, and client satisfaction
- Digital Tools:
  Dashboards to track project progress, costs, and compliance
- Audits and Reviews:
  Regular audits of project costs and delivery performance
  Monthly or quarterly performance reviews with ECC
- Benchmarking:
  Compare actual costs and delivery metrics against internal and industry benchmarks
- Client Feedback:
  Use structured feedback and lessons learned to drive continuous improvement