

ECC FM market engagement Oct. – Nov. 2024

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 October 2024, ECC engaged with the market with some question regarding TFM services pricing. Providers were asked to respond in writing to a problem statement and were invited to in-person meetings in November 2024. You will find below the key findings.

What we want to achieve with the pricing model



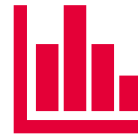
Transparency. Cost per building and per service are required to make informed business decisions in the context of the Estate Transformation



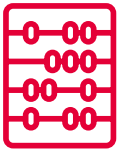
Audit. Audit trails for quantity and amount billed should be available.



Flexibility. Adding or removing services should be a simple activity where notice period, costs and liabilities are agreed in the contract



Clear financial reporting. Year on year spend visibility and forecast.



Simple and benchmarkable.
Harmonised rates?



Encourage efficiency. Providers should be incentivised to deliver the service in an optimum manner and propose saving initiatives



Best value.

Summary of the findings (1/4)

Transparent

- Most respondents emphasized the need for high-quality asset data, ideally coded using SFG20 standards, to ensure consistent categorization and comparability.
- A service matrix per building was recommended to clarify service scope and enable site-specific pricing.
- Transparency in management fees, labour rates, and cost breakdowns by service and building was widely supported.
- Open-book accounting and access to CAFM systems were proposed to facilitate real-time visibility and auditability.

Flexible

- Providers advocated for a contract change mechanism to manage additions/removals of buildings or services.
- Suggested using hourly rates for new services and a sliding scale for management overheads based on revenue or helpdesk impact.
- TUPE and redundancy costs were acknowledged, with most providers willing to redeploy staff where possible but expecting ECC to absorb costs in significant changes.
- Flexibility in pricing models was encouraged, with some proposing hybrid models that evolve over the contract term.

Summary of the findings (2/4)

Simple and Benchmarkable

- Providers recommended a comprehensive Schedule of Rates (SOR) and benchmarking against:
 - Other local authorities
 - RICS cost classes
 - Cost per m² or per person
- Emphasis was placed on standardizing building identifiers (e.g. UPRNs) and ensuring clarity in service definitions to avoid risk pricing.
- Benchmarking should be external and periodic, with some suggesting biannual reviews or pre-extension assessments.

Auditable

- Providers supported open-book models, with detailed breakdowns of:
 - Labour hours
 - Materials
 - SLA achievements
- CAFM systems were central to auditability, with options for ECC to either access provider systems or integrate with their own.
- Some proposed audit thresholds and mechanisms to ensure billing accuracy.

Summary of the findings (3/4)

Best Value

- Best value was linked to:
 - Clear specifications
 - Accurate asset data
 - Realistic KPIs
 - Avoidance of risk pricing
- Providers stressed the importance of early data sharing and realistic timelines for tender preparation (some requested 10+ weeks).
- Several highlighted the need for true-up periods post-award to reconcile assumptions with actual conditions.

Encourage efficiencies

- Efficiency was to be incentivised through:
 - Gainshare models (e.g. 50/50 split on savings)
 - KPI-linked rewards
 - Innovation initiatives (e.g. automation, tech integration)
- Providers proposed options papers for ECC to select savings initiatives annually.
- Some suggested role combination and hybrid helpdesk models to reduce costs.

Summary of the findings (4/4)

Clear financial reporting

- Providers recommended:
 - Power BI dashboards
 - Monthly and annual reporting
 - Spend trends and forward maintenance plans
- Reporting should include:
 - Cost per service category per building
 - Reactive works by trade
 - Asset lifecycle data
- Integration with ECC's systems was offered, with flexibility on reporting formats and frequency.
- Several highlighted the need for true-up periods post-award to reconcile assumptions with actual conditions.