

SCOTTISH FIRE AND RESCUE SERVICE

The Board of Scottish Fire and Rescue Service

SCOTTISH
FIRE AND RESCUE SERVICE
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Report No: B/FCS/08-17

Agenda Item: 13

Report to:	THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE
Meeting Date:	31 AUGUST 2017
Report Title:	COMMODITY STRATEGY: PROVISION OF SOFT FACILITIES MANAGEMENT (FM) SERVICES
Report Classification:	FOR APPROVAL

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Links to Strategy

SFRS Strategic Plan 2016-19
SFRS Corporate Procurement Strategy 2016-18

Governance Route for Report	Meeting Date	Comment
<i>Strategic Leadership Team</i>	<i>28 August 2017</i>	<i>For approval</i>
<i>SFRS Board</i>	<i>31 August 2017</i>	<i>For approval</i>

1	Purpose
1.1	The purpose of this report is to seek approval from the Board in relation to the proposed route to market for the procurement of Soft Facilities Management (FM) Services.

2	Background
2.1	The Scottish Fire and Rescue Service (SFRS) currently delivers Soft FM services across the organisation through a mix of internal service provision (cleaning and caretaking services) and external service provision (cleaning, catering, security, window cleaning, washroom solutions, water coolers, waste and vending). This position was inherited from the legacy services in April 2013.
2.2	The current cost of Soft FM is approximately £4.4million per annum, whereby 78 external service providers, together with in-house staff, deliver the services listed above.
2.3	There is no standardised approach to Soft FM service provision across SFRS at present.

2.4	A Project was initiated in October 2016 with the remit of establishing robust and standardised Soft FM service provision to meet the needs of SFRS. The initial role of the project was to understand the arrangements currently in place and to examine and evaluate the options for service provision.
2.5	A separate Business Case for the Provision of Cleaning and Caretaking Services was approved by SLT on 27 March 2017, to seek an external provider for all cleaning and caretaking services, being the most cost effective option to deliver these services to the standard required.
2.6	As part of the Business Case it was agreed that these services would be incorporated with the other aspects of Soft FM into a single contract arrangement.

3	Commodity Strategy Approach
3.1	<p>A detailed Commodity Strategy has been developed for the Provision of Soft Facilities Management (FM), which examines the various routes to market that are open to SFRS for this requirement. These have been identified as follows;</p> <ul style="list-style-type: none"> • Use of Scape Framework, • Use of Eastern Shires Purchasing Organisation (ESPO) Framework, • Use of Crown Commercial Services (CCS) Framework, • Use of NHS London Procurement Partnership (NHS) Framework, • Undertake SFRS bespoke tender exercise.
3.2	Market research has highlighted that if SFRS were to undertake its own tender exercise, the firms who are likely to express an interest are those present on the frameworks being considered. It has also been identified that the specific requirements of SFRS can be achieved through the use of a framework, and the timescale to contract award could be almost halved. As such it is considered that there would be little additional benefit from undertaking a bespoke tender and therefore it is not recommended.
3.3	Use of an existing framework or collaborative procurement venture supports a key improvement action within the Corporate Procurement Strategy, namely the development of relationships with other public sector organisations to collaborate on procurement exercises.
3.4	Of the 4 frameworks listed, CCS and NHS require a further competitive process, Scape and ESPO do not. It is considered that a further competitive process will be beneficial for this requirement, enabling SFRS to achieve specific community and other benefits, eg cost.
3.5	In addition, the contract timelines available through either Scape or ESPO do not enable SFRS to link to the end date of the current Hard FM contract, thereby losing the opportunity at the second generation stage to combine both elements into a Total FM solution, or to collaborate with Police Scotland, which was a longer term aspiration of the Hard FM project.
3.6	The NHS Framework ends on 1 April 2018, which is before the proposed start date for the SFRS contract provision. Even although SFRS will have commenced the call-off procurement process before this date, it is not recommended, as a matter of good procurement practice, to commence a contract of the length proposed after the end date of the framework. As such the use of this framework is not

3.7	recommended.
3.8	<p>The CCS Framework requires a mini competition, enabling SFRS to build in specific requirements, particularly around community benefits, and gives the ability to put in place a contract whereby the end date matches that of the currently operating Hard FM contract, enabling the flexibility to combine both Hard and Soft FM into a single provision, if appropriate at that stage.</p> <p>The use of the Crown Commercial Services Framework has therefore been identified as the most effective and efficient procurement route for SFRS for the provision of Soft FM which will provide the following:</p> <ul style="list-style-type: none"> • Continued SFRS operational capability, • Compliant specification which meets SFRS's requirements, • Flexible route to market through a mini competition process, • Single supplier and improved Contract Management, • Single National Contract, • Legally compliant award process, • Eliminate non-contract spend, • Flexibility to review Soft FM requirements in medium / long-term.
3.9	The proposed contract term is an initial four year period with the option to extend by a further two 12 month periods, for a maximum 6 year term.
3.10	
3.11	The use of the framework is in compliance with relevant procurement legislation.
3.12	A User Intelligence Group (UIG) has been established to develop the detailed requirements for all Soft FM services, building on the initial work around the cleaning and caretaking business case.
3.12	Crown Commercial Services offer an assisted service and can support SFRS through the procurement, in particular helping SFRS build the Invitation to Tender (ITT), meet face to face where resource allows, build the cost model & KPI matrix, and provide continued support during the clarification & evaluation period. Work has been undertaken to secure this support which has now been confirmed.

4	Key Strategic Implications
4.1	Financial
4.1.1	The total anticipated cost of the contract, based on a four year initial contract followed by the option to extend by a further two 1 year periods is estimated at £4.4million per annum (£26.4million over a 6 year period). This will be funded from the resource budget.
4.1.2	Procurement support from Crown Commercial Services has been secured at a cost of £25,000 plus VAT.
4.1.3	A budget of £0.575million has been set aside to support the Voluntary Severance/Early Retirement (VSER) scheme as outlined at paragraph 4.5.4.
4.2	Legal
4.2.1	Legislation relevant to the proposed procurement exercise has been considered in the drafting of the Commodity Strategy.

4.2.2	TUPE legislation, will apply to those individuals currently providing soft FM services, both SFRS employees and those employed by current service providers. This will be taken into account within the procurement exercise.
4.2.3	The government's New Fair Deal policy on public sector pensions will apply to those who are currently members of the Local Government Pension Scheme.
4.3	Performance
4.3.1	A robust contract management regime will be applied to the proposed contractual arrangements.
4.4	Environmental & Sustainability
4.4.1	A Sustainability Impact Assessment has been undertaken and is included in the Commodity Strategy.
4.4.2	SFRS will account for its Sustainable Procurement Duty as detailed in the Procurement Reform (Scotland) Act 2014 in the development of the Invitation to Tender.
4.4.3	SFRS is keen to establish Community Benefits which align with the Scottish Government's vision around decreasing the number of locally based long term economically inactive, by encouraging suppliers to work with excluded groups to fill vacancies as apprentices or new entrants, trainees or within the current workforce.
4.5	Workforce
4.5.1	The contract resulting from the proposed procurement exercise will enable the standardisation of service provision across SFRS.
4.5.2	A number of full time and part time employees currently engaged in cleaning and caretaking will be affected by this proposal, as well as those individuals employed by current service providers. Those affected have been advised and support mechanisms have been put in place to ensure they are fully briefed on the implications and the progress of the project.
4.5.3	SFRS is fully committed to ensuring that Fair Work Practices, as outlined within the Fair Work Framework 2016, published by the Fair Work Convention and supported by the Scottish Government, are embedded within future contract provision. These requirements will be incorporated within the procurement process. Work has been undertaken to establish contact with other public sector organisations who have successfully incorporated such requirements within a similar procurement process.
4.5.4	Approval has been obtained from Scottish Government to offer a Voluntary Severance/Early Retirement package to affected employees and budget provision has been set aside for this purpose. Notes of interest will be invited following board approval.
4.6	Health & Safety
4.6.1	Standardised service provision will enable SFRS to ensure its health and safety obligations are being fully met in relation to these services. The Health and Safety department has been consulted in the drafting of the Commodity Strategy and is represented on the User Intelligence Group (UIG).

4.7 4.7.1	Timing A project plan is detailed in the Commodity Strategy.
4.8 4.8.1	Equalities A copy of the Equality Impact Assessment carried out is contained within the Commodity Strategy.
4.9 4.9.1	Risk A risk analysis exercise has been undertaken and is detailed within the Commodity Strategy.
4.10 4.10.1 4.10.2 4.10.3 4.10.4	Communications & Engagement Consultation has been ongoing for the past 3 months with trade unions (primarily Unison and Unite) regarding the proposal to seek an external provider for these services; including the provision of detailed information in support of the business case and the proposed procurement approach. As outlined at paragraph 4.5.2, affected individuals have been made aware of the proposal. Detailed service requirements are established through a User Intelligence Group (UIG) which includes representation from across the Service. The UIG will report to the Project Board throughout the procurement process. Trade unions have been invited to participate in the Project Board and/or UIG as the project progresses.
4.11 4.11.1 4.11.2	Training The contractor will be responsible for the training requirements of their staff involved in service delivery. SFRS will be responsible for providing training to the internal Soft FM team e.g. in relation to auditing, contract management etc. SFRS will seek to maximise the delivery of training opportunities, work placements and apprenticeships throughout the contract term in support of its commitment to deliver wider community benefits through its procurement activity.

5	Recommendation
5.1	The Board is asked to approve the following recommendation(s); <ul style="list-style-type: none"> That the Crown Commercial Services Framework for the provision of Soft FM Services be used to establish a contract for Soft FM services across SFRS.

6	Core Brief
6.1	The Director of Finance and Contractual Services presented a report on the Commodity Strategy for the proposed route to market to secure the provision of Soft FM Services. The proposed new contractual arrangements will lead to the introduction of a single standard national contract for Soft FM services across SFRS, thereby reducing the current number of service providers from 78 to a single contractor.

7	Background Papers
7.1	<ul style="list-style-type: none">• Business Case – Provision of Cleaning and Caretaking Services, SLT March 2017,• Commodity Profile and Strategy – Provision of Soft Facilities Management (FM); Commodity Reference 0169-1516,• Fair Work Framework 2016, Fair Work Convention.