

Forward Plan reference number: Not Applicable

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| Report title: Procurement of Property and Facilities Management Services | |
| Report to: Councillor Christopher Whitbread – Chancellor for Essex and Cabinet Member Cabinet Member for Finance | |
| Report author: Ben Finlayson – Director of Property, Investment & Delivery | |
| Date: 21 August 2023 | For: Decision |
| Enquiries to: Ben Finlayson – Director of Property, Investment & Delivery | |
| County Divisions affected: All Essex | |

1. Everyone's Essex

- 1.1 As part of the levelling up agenda it is essential that we provide great services to our residents across Essex, especially in those areas highlighted as needing levelling up. The facilities and property management services (FM and property) that we have in place play an important role in ensuring that the estate from which we deliver essential services is fit for purpose and welcoming to both staff and residents.
- 1.2 Reductions to the number of core office buildings and building space is likely to happen. Work is now required to undertake a full review of the current facilities and property requirements and redesign requirements that meet future needs. Following this first phase of discovery and design work, evidenced contract options can be developed, appraised with agreement sought in Spring 2024 before seeking to enter a new contract. This report focuses on the discovery and design work.
- 1.3 Despite a reduced estate, they will still require good quality management as this will make a real difference to the residents, increasing their confidence and trust in the services that serve them (buildings reflect their services).
- 1.4 In July 2021, ECC endorsed the Essex Climate Change Commission's recommendation that all 'Core Estate Buildings should be Net Zero by 2030'. It is important that any new FM and Property Services are focussed on this ambition from the start. As well as net zero, the wider Environment Act ambitions on air, energy, water, waste and nature will also need to be factored into any future services.
- 1.5 We will also consider how we structure new contracts to ensure that we maintain appropriate control over suppliers.

2 Recommendations

- 2.1 Drawdown £434,199 from the Transformation Reserve to fund additional capacity for the discovery and design work as set out in section 3 below.
- 2.2 Note that following the design phase a further request will be made for funding to deliver the recommended procurement strategy, including options for delivery of property and facilities management services.

3 Background and Proposal

- 3.1 ECC is currently in contract with Mitie to provide facilities and property management across its core estate. This FM and property contract is due to expire on 30 September 2026. Mitie sub-contract many of the services, including property.
- 3.2 The council proposes to undertake a comprehensive review of the existing services. It will involve analysis and research into best practice as well as engagement with the market across a very broad range of services.
- 3.3 This work is being progressed because of the impending expiry of the current contract and because the council's requirements for office space have reduced significantly as a result of the move to more flexible working practices.
- 3.4 The Discovery and design work will consist of the following elements:

Note. Figures have been rounded – see table 1 for detailed resource costs.

- 3.4.1 **Procurement advice (c£80,600):** Specialist knowledge and experience of category management, procuring and managing complex and high value FM and Property Management services is required to ensure the best outcomes are achieved for ECC within a limited period. This will include commercial and negotiation expertise to ensure that market positions are fully understood and, where necessary, appropriate negotiation strategies are in place. Without this specialist resource, ECC will be unable to ensure appropriate contracts are in place to deliver statutory services.
- 3.4.2 **Technical advice (c£204,800):** Specialist knowledge of FM and property management services needs to be drawn upon from existing ECC teams to steer the scope of the services and address key areas subject to decision. Additional external resource will enable these individuals to undertake this essential task and will also add value by providing an external view of the existing delivery model.
- 3.4.3 **Communications advice:** Feedback from staff and residents is essential in determining the new scope of FM and property services. It is also important that staff are kept well informed about progress and decision making during the delivery of the review and resulting implementation stage.

3.4.4 Project Management support (c£69,400): Project management to support coordination across the workstreams including, planning, control and monitoring of governance arrangements and frameworks.

3.4.5 Legal advice (c£35,000): Legal advice will be required to advise on approaches, future contracts and agreements to ensure that all are fit-for-purpose, legally compliant and constitute appropriate return on investment.

3.4.6 People and HR (c£44,500): Recruitment of resources and People advice and support is required to assess the people impacts, ensure compliance with ECC's obligations and manage the cultural and behavioural impact of change to ensure successful migration and implementation of the change when known

3.5 The proposed timeframe for this discovery and design stage is 9 months (July 2023 – March 2024), whereby it is anticipated a Cabinet report will seek approval of the recommended approach on the delivery of future services

3.6 The ambition for continued efficiency within Local Government, coupled with Devolution activity and joint work with other authorities have identified significant opportunities for joint working across the public estate. This will be a key consideration when reviewing options for future services, as well as the opportunity for partners to buy in to the services that are delivered through this work. Time also needs to be taken to consider how other opportunities for joint working might be enabled through considerate contracting, such as space sharing.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably
- Connect us to each other and the world

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

- Retrofitting the estate to Net Zero by 2030
- Assets themselves and people behaviours will deliver reduced consumption
- As a very visible element of our business, the councils estate is a demonstration of where the organisation is and its own journey to Net Zero will be an important display to residents and businesses in Essex and nationally of our commitment to carbon reduction.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A high quality environment

- Health wellbeing and independence for all ages

5 Options

- 5.1 Option 1 (recommended option):** to fund the requested additional capacity set out in Table 1.

This option will ensure that the design and delivery work needed to optimise a future arrangements for the delivery of FM and Property Management services. In doing so, it will enable key strategic initiatives to be underpinned, statutory obligations to be met and provide opportunities to deliver on Net Zero and Estate Rationalisation ambitions.

- 5.2 Option 2:** attempt to deliver the FM and Property Management discovery and design using only existing capacity.

Without the additional capacity it would be impossible to deliver the necessary assessment and review required that will enable an informed and timely decision about the future of FM and Property services. This could lead to a poor decision making, higher cost (not best value) and a solution that does not align with ECC's future requirements. Failure to invest in this work would also lead to a lack of consultation, inability to capture and implement lessons learned from current and previous contracts both within ECC and externally and also stifle ambition and innovation.

Failure to provide additional resources would also put significant additional strain on employees and impact "business as usual" activities creating a risk to current service provision as staff are pulled away to deliver this work without adequate back fill.

- 5.3 Option 3:** Do nothing. This would mean that the Council would have to reprocure services on an 'as is' basis or bring them in house as no work would be done to review or redesign our requirements. The current services are an evolved version of services commissioned under a contract awarded more than ten years ago.

6 Issues for consideration

6.1 Financial implications

- 6.1.1** The total costs associated with the Discovery and Design stage are anticipated to be £434,199. This paper seeks approval to drawdown funding of this value from the Transformation reserve.

- 6.1.2** The total cost breakdown is set out below:

| Description | 2023/24 |
|----------------------------|----------------|
| | £ |
| Procurement Advice | 80,612 |
| People and HR | 44,506 |
| Project Management Support | 69,426 |
| Legal Advice | 34,840 |
| Technical Advice | 204,815 |
| Total | 434,199 |

6.1.3 The FM budget for 2023/24 includes planned savings of £513,750 and savings of £53,750 are planned for 2024/25.

6.2 Financial Assumptions

6.2.1 The costs are estimated based upon the anticipated requirements and skillsets needed to complete the work on the Discovery and Design stage.

6.2.2 These resources are to be sourced externally as this cannot be absorbed within current staffing levels and the need for expert advice in certain areas is needed.

6.2.3 No contingency has been reflected in these costs; therefore, any unforeseen costs will need to be managed within core budgets.

6.2.4 All staff will be recruited on a fixed term contract, therefore there will be no impact on the base budget.

6.3 Financial Mitigation and Benefit

6.3.1 c£7,000 in opportunity costs to the organisation have been identified, this is broken down into Finance, Technology Services and Recruitment resources.

6.3.2 Progress against the stated objectives will be monitored to ensure value for money is being delivered in the timescales expected.

6.4 Legal implications

6.4.1 The Council's financial regulations state that all drawdowns from reserves must be approved by the Cabinet Member for Finance.

6.4.2 Drawing down of money from reserves does not authorise any expenditure that is a key decision or any significant changes to ECC services or funding which must be authorised by the relevant Cabinet Member.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A – Equalities Comprehensive Impact Assessment (Ref: ECIA53098221)

9 List of Background Papers

None

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| I approve the above recommendations set out above for the reasons set out in the report. | Date |
| Councillor Chris Whitbread – Chancellor for Essex and Cabinet Member for Finance | 29.09.23 |

In consultation with:

| Role | Date |
|--|----------------|
| Tom Walker, Executive Director for Economy Investment & Public Health | 08 August 2023 |
| Executive Director, Corporate Services (S151 Officer) Daniel Tooke on behalf of Nicole Wood | 10 August 2023 |
| Director, Legal and Assurance (Monitoring Officer) | 10 August |

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| Paul Turner | 2023 |
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