

EXECUTIVE DECISION RECORD SHEET

Name of Portfolio Holder: Councillor Graeme Elliot
Portfolio: Portfolio Holder for Finance and Resources
Date of Background Report:

Ceasing of Facilities Management Contract

Recommendations made and reasons:

To let the contract with Serco expire at the end of its normal contract term (May 2016) and to bring the service in house.

The Civic offices (including Berkhamsted Town Hall and Victoria Hall, Tring) have had FM Services provided by Serco from May 2011. The contract is due to terminate in May 2016 at the end of a five year term.

DBC will leave the current Civic Centre building in January 2017 and move to the newly built Dacorum Forum. In the interim from May 2016 to December 2016, there will be a need for facilities management services to the current Civic building. This is also expected to extend slightly beyond January 2017 whilst both buildings remain in use. There will be an element of “doubling up”/parallel running.

The FM Sub Group of the Forum Board was asked to consider the various options for the interim period. The FM Group included representatives from Legal Services, Estates, FM, Finance, HR and Procurement. There were three potential solutions. To extend the current Serco contract, bring the service in house or seek a new supplier for the interim period from the open market. As a result of market testing it was determined that seeking a solution from the open market was not attractive. This was due to the short tender time from which suppliers would be able to generate fees and the short time to organise a tender process.

Serco were asked if they would be interested in extending the current contract and submitted a bid that has been considered against an in house solution.

From the data set out in the financial implication section it is clear that the in house solution is cheaper as an interim solution for the provision of facilities management services than the continuation of the contract with Serco on enhanced terms. It avoids a budgetary pressure of £176,000 for the provision of the same service.

DBC will need to formally notify Serco of the decision and HR discussions will need to commence in a short timeframe to enable staff to transfer prior to May 2016.

To determine a more permanent solution the Council’s impending move to the newly constructed office accommodation means that the traditional maintenance and repair of the fabric of the building will not need to be included in the FMS as these aspects will be covered through guarantees under the delivery of the Forum. Utilising a managed/serviced office

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approach/solution is proposed as this matches with the Forum as a concept. This is an office that is fully equipped and managed by a facilities management company, which then rents individual offices or floors to other companies.

The Crown Commercial Services framework agreement provides Facilities Management solutions covering 3 Lots;

- Lot 1 – Total Facilities Management (hard & soft)
- Lot 2 – Hard Facilities Management (heating, boiler, air con, audio visual, asbestos, energy mgt)
- Lot 3 – Soft Facilities Management (cleaning, catering, security, H&S, mailroom, reprographics)

It is envisaged that a further competition from CCS framework agreement utilising Lot 1 as this covers both Hard & Soft FMS will enable the Council to choose from a list of services to include and exclude in the design of the FMS. This will be being considered by Cabinet in January 2016.

Agree recommendation []
 Request further information []

Financial Implications:

	£'000s
Current budget full year 2015/16	396
Current spend full year forecast 2015/16	412
Serco contract extension proposal and financial impact	578
In house proposal staffing model and financial impact (full year)	398
Draft 2016/17 budget with parallel running excluded	402

Reports considered:

Officers / Councillors / Ward Councillors / Stakeholders Consulted:

Legal Services – Clive Bell
 Procurement – Sue Foster & Ben Hosier
 Estates – Nick Brown
 FM – Tony Moore
 Finance – Caroline Souto & Lucy Tash
 HR – Anne Stunell

Monitoring Officer/S151 Officer Comments:

Monitoring Officer: On the expiry of the term of the existing contract with SERCO responsibility for carrying out the Facilities Management function will revert back to the Council and the SERCO

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employees will be transferred to the Council under TUPE. The Council will be required to comply with the information and consultation requirements of the TUPE regulations before the service transfers back to the Council.

Deputy Section 151 Officer: The recommended option can be met from within existing budgets and will ensure significant cost avoidance.

Implications:

Risk:

An analysis of the requirements of the Civic Centre has been carried out by Estates personnel and the implications of TUPE have been considered by Finance and HR staff. The final rota involves the transfer of 12.7 full time equivalent staff from Serco to DBC.

A due diligence process will need to take place, once it has been agreed that staff are returning; this needs to begin as quickly as possible. Sufficient time needs to be given in order to consult with the employees, trade unions and any other stakeholders to ensure smooth transition and that our legal obligations are met.

Value for Money:

Options Considered and reasons for rejection:

The FM Sub Group of the Forum Board was asked to consider the various options for the interim period. There were three potential solutions. To extend the current Serco contract, bring the service in house or seek a new supplier for the interim period from the open market. As a result of market testing it was determined that seeking a solution from the open market was not attractive. This was due to the short tender time from which suppliers would be able to generate fees and the short time to organise a tender process.

Portfolio Holders Signature:

Date:

Details of any interests declared and any dispensations given by the Standards Committee:

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Date Decision Record Sheet received from portfolio holder:

Date Decision Published:

Decision No:

Date of Expiry of Call-In Period:

Date any Call-In received or decision implemented: