Best Practice Facilities Management Procurement
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Agenda

- Me a potted biography
- What is Facilities Management (FM)?
- Industry Trends
- Features of FM Trends
- Bundling Considerations
- Key Enablers
- Procurement Process
- Case Studies
My Experience?

- Client-side - \( \frac{1}{3} \) of career
- FM Operational - \( \frac{1}{3} \) of career
- FM Consultant - \( \frac{1}{3} \) of career
- London - 18 years
- Australia - 9 years
What is Facilities Management?

‘Facilities management is the integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities’.

*European Committee for Standardisation (CEN)*

‘A profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, processes and technology’. *International Facilities Management Association (IFMA)*

‘The practice of coordinating the physical workplace with the people and work of the organization; integrates the principles of business administration, architecture, and the behavioural and engineering sciences’.

*International Facilities Management Association (IFMA)*

‘Facilities management is the integration of multi-disciplinary activities within the built environment and the management of their impact upon people and the workplace’.

*British Institute of Facilities Management (BIFM)*
A MindMap capturing the evolving role of the UK Facility Manager
July 2012

What FMs Do

Management

Property

Services

Security
Industry Trends

• Australian FM is behind some markets.

• International best practice driven by research papers like:
  • Re- thinking Construction- *Office of the Deputy Prime Minister, circa 2000*
  • Working Without Walls an insight into the transforming government workspace- *Office of Government Commerce 2004*
  • Working Beyond Walls the government workplace as a driver for change- *Office of Government Commerce 2008*
  • ISS 2020 Vision *Copenhagen Institute for Future Studies, Global FM, IFMA Foundation, Copenhagen Institute for Future Studies 2011*
  • Raising the Bar- Enhancing the Strategic Role of Facilities Management- *RICS Research, November 2012*
# The Egan Principles

## Key Drivers of Change

- Committed leadership
- A focus on the customer
- Integrated processes & teams
- A quality driven agenda
- Commitment to people

## Key Elements of Integrated Project Process

- Product development
- Project implementation
- Partnering the supply chain
- Production of components.
## Working Without Walls

| Cellular | Open Plan | Addition of supporting communal spaces  • Breakout areas • Meeting rooms | Breaking link between workspace and individual | Full non-territorial environment  
Staff work in setting most suitable to activity |
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<tbody>
<tr>
<td>Increase in efficiency</td>
<td>Increase in effectiveness</td>
<td>Further increase in efficiency</td>
<td>Further increase in efficiency &amp; effectiveness</td>
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<td>Increases density &amp; facilitates churn</td>
<td>More appropriate environments to support work</td>
<td>Ratio of staff to workspaces &gt;1:1</td>
<td>Spaces bespoke to needs of specific business activities</td>
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<td>ICT standardised</td>
<td>ICT supports mobility</td>
<td>‘Follow me’ technology</td>
<td>ICT provision tailored to activity needs</td>
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ISS 2020 Vision

Breakthrough in manpower substituting technologies

Capitalism Reinvented
The Great Transformation

Sustainability

Fragmented World
Sustainable Business
Raising the Bar

Five recommendations for action:

• Think strategically
• Act Strategically
• Rebuild the FM organisation and its role in the business
• Outsource operational activities
• Teach the business how to ask for FM support
Industry Trends

- Contract bundles increasing
- Contract durations increasing
- Contract complexity increasing
- Contract values increasing (e.g. defence, PPPs, AGFMA, BMW)
- Partnering increasing
- Big Data
- Technological Innovation
Features of FM Tenders

• High Bid costs
• Low Margins
• High Level of Client/ Service Provider Integration
• Low Exit & Entry Barriers
Bundling Considerations

- STANDARDISATION OF PROCESS
- SIMILAIR CUSTOMER REQUIREMENTS
- GEOGRAPHICALLY CLUSTERED SITES
- CENTRALISED CONTROL
- NON CORE ACTIVITIES
- SCALABILITY

Value for Money
Key Enablers

- Validated property lists
- Validated asset registers
- Building Condition Audits
- Asbestos Registers
- Forward Works Program
- Service Level Agreements
- Competent Management Team
- Output Specifications
- Performance Mechanism
Procurement Process

• Expressions of Interest (EOI)
  • Pro forma
  • Evaluation Matrix
  • Evaluation Report

• Invitation to Tender (ITT)
  • Form of Contract
  • Output Specification
  • Performance Mechanism (KPIs & SLA’s)
  • Pricing Schedule
  • Evaluation Matrix
  • Evaluation Report

• Best and Final Offer (BAFO)

• BAFO
Case Study One
Tri- Borough FM Contract 2013- 23
Tri- Borough FM Contract 2013- 23

- Westminster City Council; London Borough of Hammersmith and Fulham the Royal Borough of Kensington and Chelsea
- Austerity measures
- Sovereignty Guarantee
- Shape shared services to local needs
- Competitive Dialogue Process
Tri- Borough FM Contract 2013- 23

- £150m FM Contract approx. 20 services
- Key Enablers: Planning & Comm’s
- £2m per annum savings targeted
- £6m per annum savings achieved and more targeted
- Framework Agreement
Tri- Borough FM Contract 2013- 23

• London Borough of Camden
• £10m FM Contract three services- cleaning services and mechanical and electrical maintenance

• London Borough of Bexley
• $11.5m five year FM Contract
• $1.75m savings targeted
Case Study Two
Council Solutions

- Comprised 3.5 FTE’s
- Short term contracts
- 2013/14- $58.1m
- 201/17- $65m
- Roadworks
- Temporary Labour Hire
- Legal Services
- Cleaning Services
Case Study Three
Discussion