



Blood and Transplant

Board Meeting
July 2018

Contract Award – Planned Preventative Maintenance

1. **Status – Public**
2. **Executive Summary**

Tenders were invited for the provision of Planned Preventative Maintenance (PPM) services across the national estate. Following analysis of the bids it is proposed that a single national contract is awarded to CBRE commencing 1st October 2018 for a period of five-years, with an option for further two, one-year extensions.

The contract value is £8.175m for the five years of the contract (plus an additional £3.565m, if and when, both of the two optional extensions were to be taken up). Although this represents only a small saving against the current contract, it does give NHSBT much more control over the annual planned and reactive spend.

3. **Action Requested**

The Board is asked to approve the award of the initial five-year contract to CBRE at a value of **£8.175m**. This figure will be subject to further change following review by the contractor of the assets at each site. This may generate a cost change estimated to be +/- 3%. The final figure will be confirmed to the Board, with further approval sought in case costs increase by 5% or more.

4. **Background**

The PPM contract is one of the national estates service contracts and provides a critical service that covers both planned routine maintenance and reactive response to equipment failures. It includes maintenance of a small number of critical assets, including generators, electrical panels and walk in cold stores.

The current contract is split between MITIE services managing the North and CBRE managing the South. The contracts have been in operation since May 2011 and have operated well. The contract was extended last year, for a period of 1 year, to allow NHSBT to review the specification and tender.

As part of this the specification was revised, with the support of the Estates Operational Development Group (ODG), to change the service from an input based specification (stating the number of staff at each location) to one that is output based i.e. the contractors must ensure that the right resource is deployed to meet the contract requirements. This is designed to allow the contractors to flex staffing levels to the volume of work and generate better value for NHSBT. The NHSBT maintenance task specifications that were previously used were also replaced with industry standard SFG20 tasks, and has been managed with the assistance of our Quality Department.

The tender for the planned work is built up from site asset lists, with specified tasks for each asset, and the required specialist subcontractor support and contract management. This is collated into a site by site cost, which consolidated into the regional proposal.

The contract was tendered through an OJEU process, in four regional lots, consistent with the current regional management structure of the Estates & Facilities Team. Thirteen companies passed the pre-qualification stage, but only CBRE, Freedom Group, MITIE and SPIE completed tenders. Each of the proposals were then reviewed and scored as follows:

CBRE	331.25
Freedom Group	302.50
MITIE	343.75
SPIE	208.75

SPIE were ruled out at this stage due to the poor quality of their proposal documentation.

The company's initial seven-year tender prices for each Region were as follows:

	North East	North West	South East	South West
CBRE	£2,415,514	£2,949,192	£2,518,748	£2,841,331
Freedom	£3,015,062	£3,381,923	Not Priced	Not Priced
MITIE	£2,452,719	£3,428,660	£3,218,814	£3,235,925

CBRE and MITIE were then taken through to the next stage, which involved two meetings with each company to seek clarifications and obtain greater understanding of how they proposed to operate the contracts. Both companies offered a further discount for a national contract with CBRE offering an annual reduction of £50,000 and MITIE offering £44,000.

Both companies also offered to provide NHSBT with use of their web based Computer Aided Facilities Management (CAFM) system, free of charge, to replace our ageing Tabs CAFM system. This would additionally save NHSBT £80,000 setup costs and £20,000 per annum running costs. This proposal will

need a detailed review and agreement with our Quality Department, but appears to be feasible.

The final cost proposals from the contractors for the National planned maintenance element were:

	Year 1	5 Years	7 Years
CBRE	£ 1,589,125	£ 8,174,977	£ 11,740,630
MITIE	£ 1,716,530	£ 8,611,978	£ 12,229,072

6. Implementation

The proposal will replace the two existing regional contracts with a single national contract to the revised specification.

The contract will commence in October 2018 and the contract will be implemented by the contractors overseen by the Regional Estates managers. As CBRE already maintain 65% of the estate, the focus will be on the TUPE transfer of the engineers in the Northern region.

There are few practical implications for donors, patients or staff due to the contract requiring the existing response times per the current contract.

The Estates & Facilities Team will support implementation as part of their normal activities. The implementation of the CAFM system will be run as a separate project during the first year of the contract and supported by our Technical Services team. It will require an element of input from both Quality and ICT. The ICT support will be significantly less than if we implement the proposed Service Now model.

Following the collapse of Carillion full financial checks on both CBRE and MITIE have been conducted. CBRE are currently a very stable business, with no concerns of note.

The contract spend may be subject to further change as the contractor is to carry out a full review of the assets at each site. Any variation to the contract cost is estimated to be +/- 3%.

7. Approval

Full approval of the NHSBT Board is required with review by two NEDs.

8. Appendices – none.

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