



Facilities Management Contract

Report Author

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Purpose of Report

To seek approval for the award of the Facilities Management Contract to Key Integrated Services (Maintenance) Ltd. for an annual sum of up to £450,000 for a period of 3 years with an option to extend for a further 2 periods of 2 years.

Recommendations

Cabinet is asked to:

- 1. Approve the award of the Facilities Management contract to Key Integrated Services (Maintenance) Ltd for an annual sum of up to £450,000 for a period of 3 years with an option to extend for a further 2 periods of 2 years.**
- 2. Delegate to the Deputy Chief Executive and s151 Officer to sign a Parent Company guarantee with Key Integrated Services (Holdings) Ltd in respect of the award of the Facilities Management Contract.**

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Sustainable South Kesteven Enabling economic opportunities Effective council
Which wards are impacted?	(All Wards);

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The procurement of the facilities management has been undertaken in accordance with the Council's Contract Procedure Rules. The annual anticipated spend level is in accordance with budgeted levels however the exact expenditure level may vary due to the responsive nature of some of the necessary works. Given the value of the works, it is necessary to receive a Parent guarantee from the holding company.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Procurement

- 1.2 The tender has been carried out by Welland Procurement. The procurement is in accordance with the Council's Contract Procedure Rules. The summary of the contract is:

Annual Value	£450,000
Initial Term	Three Years (36 months)
Option Extensions	2 x 24 months (4 Years)
Total Contract Value Including Extensions	£3,150,000

Completed by: Helen Baldwin (Procurement Lead)

Legal and Governance

- 1.3 Due to the value of the contract, Cabinet is the correct body to consider this report.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1. South Kesteven District Council (SKDC) is currently in contract with an external provider for the provision of Facilities Management (FM) and maintenance

services across the Council's corporate assets. This contract has now reached the end of its maximum term and cannot be extended further, necessitating the procurement of a new contract.

- 2.2. The contract is essential to ensure that the Council meets all legal, health, and safety compliance requirements, while maintaining Council assets in a safe, efficient, and cost-effective condition for use by both staff and the public.
- 2.3. The scope of the contract covers all SKDC (General Fund) corporate buildings and associated assets, including key operational sites such as The Picture House, South Kesteven House, the leisure facilities and both arts centres. The proposed new contract also provides SKDC with the flexibility to add or remove assets as required, ensuring the arrangement can adapt to changes within the Council's property portfolio.
- 2.4. A specification has been developed that includes activities covering all aspects of facilities management services. The Contractor will be responsible for delivering comprehensive facilities maintenance encompassing both Planned Preventive Maintenance (PPM) and Reactive Maintenance, as well as periodic inspections, statutory testing, and major servicing. These areas are outlined below.
- 2.5. Mechanical Plant and Equipment - The Contractor shall be responsible for the planned, preventive, and reactive maintenance of all mechanical plant and equipment within the facility, to ensure safe, efficient, and reliable operation at all times.
- 2.6. Pool Plant and Water Treatment - provide comprehensive operation, maintenance, and water treatment services for the swimming pool(s), spa pool(s), and associated plant within the facility. Services must ensure the continuous provision of clean, safe, and hygienic water, fully compliant with the latest Pool Water Treatment Advisory Group (PWTAG) Code of Practice, Health & Safety Executive (HSE) guidance, and local environmental health requirements.
- 2.7. Hot Water Heating Systems, Hot and Cold-Water Systems - Services must ensure systems are fully operational, safe, energy-efficient, and compliant with all relevant legislation and guidelines.
- 2.8. Fire Alarms and Fire Prevention Systems – servicing of Fire alarm/detection systems and fire prevention systems including gas suppression, automatic fire dampers, and interlocks with ventilation plant and automatic doors.
- 2.9. Emergency Lighting - inspection, testing, maintenance, and repair of all emergency lighting systems installed across the facility.

- 2.10 Electrical Installations and Fixed Wiring - Electrical Installations and fixed wiring shall be inspected and tested annually in accordance with Health and Safety Regulations and recommendations.
- 2.11 Lift Maintenance and Servicing - provide a comprehensive lift maintenance and servicing programme for all passenger, goods, and platform lifts within the premises covered by this contract.
- 2.12 Window Cleaning - provide professional window cleaning services for the premises specified within contract.
- 2.13 CCTV, Access Control & Panic Alarm Systems - Services shall include both preventive and reactive maintenance, system monitoring (if applicable), and emergency call-out support.
- 2.14 Water Coolers - Supply, installation and commissioning of water coolers (bottled or mains-fed as specified) inclusive of regular servicing, sanitisation of all units.
- 2.15 Washroom Services - provide a full washroom service across the Council's property portfolio, including the provision of hand dryers on a rental basis and the supply of associated washroom related equipment including, floor mat solutions, washroom equipment & consumables, and the provision of period & incontinence products.
- 2.16 Fire Extinguisher & Fire Blanket Servicing, Refill and Replacement - provide a comprehensive service, refill, and replacement agreement covering all fire extinguishers and fire blankets within the Council's property portfolio.
- 2.17 Roller Shutters, Turnstiles and barriers - operating a scheduled service programme in accordance with manufacturer recommendations and industry best practice, ensuring that all equipment is always maintained in a safe and fully operational condition.
- 2.18 Automated Doors - provide scheduled preventive maintenance for all types of automated doors, including sliding doors, swing doors, revolving doors, and access-controlled doors.
- 2.19 The annual spend on these activities is in the region of £125,000 for planned maintenance, but the spend can be volatile and unpredictable as it tends to be reactive rather than planned. Sufficient budget is made available to ensure the fluctuations can be accommodated.
- 2.20 Procurement has been undertaken in accordance with the Council's Contract Procedure Rules and using the Open Tender route. Support has been provided throughout by Welland Procurement. Following the advertisement of the opportunity 5 bids were received. The evaluation of the bids was based on a

weighting of 60% cost, 30% quality, 5% social value and 5% sub-contractor value. The summary of the bids was as follows:

	Bidder 1	Bidder 2	Bidder 3	Key IS (mtce) Ltd	Bidder 5
Cost Score – maximum 60%	31.83%	32.18%	48.17%	60%	9.23%
Quality Score – maximum score 30%	24.18%	24.18%	17.98%	21.58%	14.19%
Social Value – maximum 5%	4%	4%	3%	4%	2%
Subcontractors (uplift) Value – maximum 5%	5%	2.5%	2.5%	3.75%	3.75%
Total	65%	62.86%	71.65%	89.33%	29.16%

- 2.21 Following financial review of the preferred bidder as part of the procurement process, the Council has requested that the parent company (Key Integrated Services (Holdings) Ltd) provide a Parent Company Guarantee. This is necessary to ensure the supplier has sufficient financial resilience to undertake the service provision.

3. Key Considerations

- 3.1. By entering into a new facilities management contract, SKDC would be able to maintain its existing legal, health, and safety compliance obligations, strengthen its asset management approach, and further progress the Corporate Property Team's commitment to continuous improvement, moving increasingly towards a structured, planned maintenance model rather than a reactive maintenance approach.

4. Other Options Considered

- 4.1 The Council could adopt an in-house maintenance model should a new contract not be pursued. However, this approach would require the recruitment of specialist personnel to deliver services in key technical areas such as heating, ventilation and air conditioning (HVAC), electrical systems and gas safety.
- 4.2 The Council does not employ any specialist maintenance operatives within the Corporate Property Team so it would require significant resource and financial investment to be able to establish a capable in-house maintenance approach.

5. Reasons for the Recommendations

- 5.1. By entering into a new contract, SKDC would be able to:

- a) Continue with a structured approach to managing legal and health & safety obligations, including gas, electrical, and building safety requirements, ensuring a reducing risk of regulatory breaches.
- b) Ensure all assets and equipment are maintained in a safe and operational condition, supporting the continued availability and functionality of facilities.
- c) Enable the Corporate Property Team to maintain and enhance the existing planned maintenance programme, monitor asset performance, and implement new initiatives to contribute towards SKDC's sustainability objectives.
- d) Operate within forecasted maintenance budgets, providing greater certainty and planning capability over the contract period.
- e) Continue to utilise providers with expert knowledge across a wide range of building maintenance disciplines, ensuring professional and effective service delivery.