

City of London Corporation Committee Report

Committee(s): Projects & Procurement Sub Committee – For Decision Finance Committee – For Decision Court of Common Council – For Decision	Dated: 18/11/2025 09/12/2025 15/01/2026
Subject: IFM Forward Strategy to 2033	Public report: For Decision
This proposal: <ul style="list-style-type: none"> delivers Corporate Plan 2024-29 outcomes 	Providing Excellent Services Leading Sustainable Environment Diverse Engaged Communities Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of:	City Surveyor
Report author:	Matt Baker, Assistant Director – Head of Facilities Management

Summary

This report outlines the proposed strategy for the integrated facilities management (IFM) approach implemented across the Corporation's property (non-housing) portfolio to 2033. The current model is a 10-year contract across 6 Lot that commenced in 2022. There is a break clause available at the end of year 5. The IFM model is currently in its third year and is proving to be very successful. This paper is therefore proposing to not utilise the break clause but take advantage of the economies of scale and further consolidate disparate FM supply. This however requires an uplift in the financial threshold of the IFM model. Please note no increase in budget is required. The continuation of the contract is already anticipated in the City's budget plans and any consolidation of service will utilise the budgets already approved which will be transferred across.

Recommendation(s)

Members are asked to:

- Support the continuation of the 6 Integrated Facilities Management (IFM) contracts and **not** utilise the break clause.
- Approve the further consolidation strategy, and associated increase in contract value, of outlying facilities management contracts (BMS and Lifts) into the relevant IFM contract to deliver financial and operational efficiencies. Enable the City Surveyor to identify further efficiencies by taking advantage of additional economies of scale.

Main Report

Current Situation

1. In December 2022 members approved the award of 6 individual IFM contracts via the City's IFM Services Framework Agreement for a period of up to 10 years. These are outlined as follows:

Table 1.0

Lot	Supplier	Annual Fixed Costs
1 (Corporate Property)	CBRE	£2,666,227.49
2 (Investment Property)	CBRE	£1,530,026.88
3 (Barbican & GSMD)	OCS	£3,364,026.61
4 (Guildhall/LMA/Walbrook Wharf)	CBRE	£2,220,342.50
5 (Independent Schools)	ISS	£2,803,322.40
6 (Police & Courts)	OCS	£2,212,453.78
	Total	£14,796,399.70

2. Members also agreed annual increases to operational budgets to reflect the impacts of CPI, National Living Wage (NLW), London Living Wage (LLW) or changes in law impacting service delivery.
3. Each IFM contract is for a 10-year term and incorporates a break clause at the end of year 5. This gives the option for the Corporation to terminate giving six months prior notice at any time after the expiry of a minimum term of five years (for each of Lots 1 to 5) or 3 years (for Lot 6 only due to the City of London Police Accommodation Programme).
4. Prior to the end of the minimum term the only cause for termination is due to poor performance.
5. The IFM contracts are currently in their third contract year.
6. Lift & Escalator servicing and Building Management System (**BMS**) servicing remain key services that currently sit outside of the IFM contracts. These were awarded to Amalgamated Lifts Limited (£269,137/annum fixed cost, expires June 2027) and Schneider Electric Limited (£202,396.68/annum fixed cost expires March 2026). It is intended to incorporate the Lifts and BMS provision into the IFM Lot model.
7. Pursuant to rule 30.4 of the City's Procurement Code, approvals are required for uplifted contract values under each IFM contract.

Contract(s) Performance

8. A full summary of IFM supplier performance (by LOT), Lift & Escalator Contract performance and Building Management System (BMS) contractor is provided in Appendix 1 and 3 respectively.
9. The City Surveyor acknowledge the current stable and effective service delivery from all IFM suppliers which is robustly managed both operationally and commercially. Performance is measured objectively via SLAs, KPIs and commercial contract scorecard (see appendix 2 for performance and appendix 4 for an example) against all holistic contract requirements (e.g. Responsible Procurement (Sustainability and Social Value), innovation objectives, risk management etc.)
10. Statutory Compliance performance is consistently strong with full visibility available on the City's Computer Aided Facilities Management (**CAFM**) system. A monthly dashboard is provided to department directors outlining this (See appendix 5).
11. Any poor performance has been robustly managed with service fee deductions enforced in line with the contracts when applicable. However, since year 1 of the contract there have been no deductions due to good performance.
12. A monthly Net Promoter Score (NPS) is obtained subjectively from key stakeholders/service users on perceived IFM performance. The average score since contract start is 8 out of 10 which meets our target.
13. BMS and Lift Contractor performance is variable and their contribution to wider City objectives is significantly less when compared to the IFM suppliers.
14. City Surveyor's believe that the Amalgamated Lifts and Schneider Electric contracts can be managed much more effectively via the IFM contract now that it is performing to a high standard.
15. Value for money was established as part of tender evaluation prior to contract award. The only increases in cost since award have been through CPI increases and LLW increases.

Options

16. The following options have been considered.
 - a. Continue with IFM contracts, do not utilise the break clause and consolidate BMS and Lift contracts into IFM contracts.
 - b. Continue with IFM contracts but do not consolidate BMS and Lift contracts into IFM contracts.
 - c. Utilise the break clause and retender IFM contracts. Retender BMS and Lift Contracts separately at the end of their existing term.

Proposal

17. The City Surveyor's recommendation is for members to approve option a.
18. Do not utilise the break clause available at the end of the minimum term for each IFM contract but note that should performance decline to an unacceptable level, the City has remediation procedures under each contract and the option to utilise the break clause upon giving 6 months prior written notice.
19. Approve the integration of BMS and Lifts & Escalator servicing into the relevant IFM contract on the basis that this delivers financial efficiencies with a target of

10% reduction. As a result, approve the increase in the IFM approved contract values as outlined below in Table 2.0.

Table 2.0

Combined Lifts & Escalators/BMS		Contract Year	4	5	6	7	8	9	10	
Supplier	Lot	Year	26/27	27/28	28/29	29/30	30/31	31/32	32/33	Total
CBRE	Lot 1	CPG	£ 43,433.00	£ 99,080.66	£ 101,062.27	£ 103,083.52	£ 105,145.19	£ 107,248.09	£ 109,393.05	£ 668,445.79
CBRE	Lot 2	IPG	£ -	£ 55,833.00	£ 56,949.66	£ 58,088.65	£ 59,250.43	£ 60,435.43	£ 61,644.14	£ 352,201.32
OCS	Lot 3	Barbican/GSMD	£ -	£ 48,430.00	£ 49,398.60	£ 50,386.57	£ 51,394.30	£ 52,422.19	£ 53,470.63	£ 305,502.30
CBRE	Lot 4	Guildhall/WW/TLA	£ 91,113.38	£ 159,732.65	£ 162,927.30	£ 166,185.85	£ 169,509.56	£ 172,899.75	£ 176,357.75	£ 1,098,726.24
ISS	Lot 5	Schools	£ 46,510.50	£ 59,820.71	£ 61,017.12	£ 62,237.47	£ 63,482.22	£ 64,751.86	£ 66,046.90	£ 423,866.77
OCS	Lot 6	Police & Courts	£ 21,341.35	£ 52,686.18	£ 53,739.90	£ 54,814.70	£ 55,910.99	£ 57,029.21	£ 58,169.80	£ 353,692.13
			£ 202,398.23	£ 475,583.19	£ 485,094.86	£ 494,796.76	£ 504,692.69	£ 514,786.54	£ 525,082.28	£ 3,202,434.55

20. BMS integration to commence in April 2026 when the existing contract with Schnieder expires. Lift and escalator integration to commence in June 2027 when the existing Amalgamated Lifts contract expires

Benefits Of Not Utilising Break Clause

21. The City will continue working with 3 suppliers who are performing well as illustrated in their KPI performance, Net Promoter Scores, Compliance Performance and contributions to wider city objectives.
22. Not utilising the break clause at year 5 also removes the operational and financial risk of any re-procurement exercise and mobilisation of significant operational contracts which are performing well. Procurement and mobilisation costs are estimated at approximately £100,000 per contract (Total £600,000)
23. By entering and retaining long term partnerships with suppliers where performance is stable, we obtain the benefits of not only cost savings (7% at contract award) and certainty on the mechanisms for any future cost increases (CPI) but also supplier investment in wider city objectives, continuous improvements and innovation through a long-term relationship.
24. Market intelligence shared in Appendix 7 is also telling us that the FM market remains volatile due to inflationary pressures and the majority of providers are predicting increased selling costs (outstripping CPI) for the foreseeable future. Therefore, entering the market now is not sensible given that we have the benefit of the locked mechanism in CPI for the remainder of the contract term.
25. There is a risk of significant reputational damage to the City by sending mixed messages to the market on genuine commitment to these long-term partnerships when we have a recognised stable performance.
26. By integrating BMS and lifts into IFM, it enables City Surveyors to build upon the success endorsed by the external Human Engine audit on contract management. It also paves the way to identify further financial efficiencies with a target of 10% saving against existing costs.
27. Further integration supports resource efficiency allowing the City to administer fewer contracts with greater strategic focus, provide further corporate wide benefits, including reducing vendor management and impact on other City departments (e.g. accounts payable) and reduces software administration and user numbers.

Risks

28. IFM supplier performance declines. Mitigation: City Surveyors will continue to manage this through our contract management framework. The Corporation retain the right to terminate from year 6 of the contract giving 6 months' notice.
29. Contract consolidation (Lifts and BMS) does not provide financial efficiencies. Mitigation: City Surveyors will revisit the strategy on further consolidation.
30. The Corporation is unable to increase budgets to fund increases due to CPI and LLW as approved by Members. Mitigation: City Surveyors will either have to reduce service levels or find efficiencies to deliver cost savings.

Legal Comment

31. The Comptroller & City Solicitor's department was consulted in the preparation of this report and noted the following:
 - a. each Lot of the City's IFM Services Framework and subsequent call-off of the IFM contracts was tendered in compliance with the Public Contract Regulations 2015 (**PCR**);
 - b. although the PCR has been superseded by the Procurement Act 2023, modifications to the IFM contracts continue to be governed by regulation 72 of the PCR;
 - c. provided that each of the proposed modifications do not increase the contract value by more than 50%, they will be permissible under regulation 72(1)(b), without the need for a further competitive procedure, on the basis that a change in supplier would cause significant inconvenience or substantial duplication of costs for the City;
 - d. Lifts and BMS both fall within the scope of the City's IFM Services Framework which expressed the intention that a single supplier would be engaged to provide all FM services within each Lot;
 - e. each IFM contract incorporates terms to allow variation of both the services performed and the premises to be maintained.

Responsible Procurement Comment

32. All three IFM suppliers are delivering a positive impact for our communities and environment. Each has been featured in the Responsible Procurement Annual Impact Reports and have continued to deliver in their third year. This year they are taking a collaborative approach to maximise their social value impact and all three are considered 'Top 25' suppliers under the City's Purchased Goods and Services project plan under the Climate Action Strategy. The proposed inclusion of lift maintenance and the BEMS under IFM control presents a promising opportunity for innovation and sustainability gains.
33. Supplier diversity is a key component of responsible procurement delivery across all three IFM suppliers. They would be encouraged to seek quotes from SMEs and diverse suppliers for any additional services not delivered in house. Given the varied nature of the City Corporation's lift portfolio, it is unlikely that large incumbent suppliers alone would be able to meet our requirements, further reinforcing the case for engaging a broader supplier base.

Appendices

- Appendix 1 – IFM Supplier KPI performance data
- Appendix 2 – IFM Supplier Scorecard data
- Appendix 3 – Example Commercial Contract Management Supplier Scorecard
- Appendix 4 – Amalgamated Lifts performance data
- Appendix 5 – FM Contract Strategy Planning Timetable
- Appendix 6 – Example Monthly Dashboard provided at director level
- Appendix 7 – Market Intelligence Report

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