

# North Somerset Council

## REPORT TO FULL COUNCIL

**DATE OF MEETING: 23 JULY 2019**

**SUBJECT OF REPORT: COMMISSIONING PLAN FOR THE PROCUREMENT OF THE COMBINED REACTIVE AND PLANNED MAINTENANCE, MINOR WORKS AND COMPLIANCE TESTING CONTRACT**

**TOWN OR PARISH: ALL**

**OFFICER/MEMBER PRESENTING: COUNCILLOR ASHLEY CARTMAN**

**KEY DECISION: N/A**

## RECOMMENDATIONS

It is requested that this commissioning plan be approved.

### 1. SUMMARY OF REPORT

This report sets out the commissioning plan for the re-procurement of a single contract, which combines the Council's requirements currently provided within each of the following separate contracts;

- The Reactive and Planned Maintenance and Minor Works contract - this was originally procured following an emergency procurement process in January 2018, with the contract starting in April 2018. The contract has since been extended for a period of 12 months and has an expiry date of 31 March 2020.
- The Compliance Testing contract – the current contract previously ended on 1 January 2020, although has since been extended for a period of 3 months to make it coterminous with the Reactive and Planned Maintenance and Minor Works contract. The contract will expire on 31 March 2020.

It is proposed that the new contract will begin on 1 April 2020.

### 2. POLICY

The proposals in the report will support the Council's policy aim to improve the way we work, increase the efficiency of property governance arrangements, and will help ensure the Council remains compliant in its statutory landlord and employer duties in respect of its property estate.

### **3. DETAILS**

#### Introduction

The Reactive and Planned Maintenance with Minor Works contract commenced on the 1 April 2018. The contract was awarded initially for a 12-month term to John West in order for the Major Projects and Technical Services Team and Strategic Procurement teams to prepare for a formal procurement process following the requirement for an emergency procurement process. Earlier this year the contract was further extended to April 2020 to make it term commensurate with the Compliance Testing Contract in order that the contracts be procured as one, and to allow a formal procurement process to take place.

The contract provides the following main services:

#### General Construction

- Painting and Decorating
- Building Maintenance and Repairs
- Minor Building Works
- Emergency Response Service
- Drainage Works
- Minor External Works

#### Mechanical & Electrical

- Mechanical Services (to include boiler renewals etc)
- Electrical Services
- Carpentry Services

#### Kitchen Equipment

- Maintenance of domestic and commercial kitchen equipment

The Compliance Testing contract commenced in January 2017 with Graham Facilities Management and its initial three-year term will run until January 2020. There is a one-year extension available. However, in order for a procurement process to be carried out and for the two contracts to be merged, earlier this year the contract was extended for three months to April 2020.

The contract provides the following main services:

- Statutory and Periodic Maintenance
- Testing
- Inspection
- Reporting and Management services to mechanical, electrical and building fabric installations for the Council's assets.

The contract will also comprise of multi trade, planned minor works up to the value of £500,000.

It is anticipated that there may be TUPE implications with both incumbent providers.

## Requirement

The Reactive & Planned Maintenance and Minor Works contract is a call off contract. The contract covers corporate buildings and can also include schools.

The Minor works element of the contract and all contract administration associated with the service is managed by the Major Projects and Technical Services Team.

The compliance element of the contract covers the compliance maintenance service and inspection for all the corporate buildings within North Somerset Council's remit. This service is also offered to all North Somerset maintained schools, as well as schools that fall under academy status. The maintenance service and inspections are clearly defined by the specification. This is not a call off contract given that there is a planned approach based on the frequency of the required compliance checks. This service element is managed by the Compliance Officer within the Major Projects and Technical Services Team.

## Contract Structure & Value

The annual value of the contract is estimated at £1.5 million. This is evenly spread across the three areas, Reactive Maintenance, Compliance Testing and Minor Works, with works being charged across a range of revenue and capital budgets across all of the councils services, and will include schools.

The proposed contract term is 5 years with available options to extend for up to a further 2 years. The whole value based on the proposed term is £10,500,000.

## Timescales

A detailed timetable has been produced by the Strategic Procurement Service and is available to view on request, however, a summary of anticipated key dates is as follows:

Action	Timescale
Full Council agreement for the Commissioning Plan	23 <sup>rd</sup> July 2019
Procurement Plan agreed	End July
OJEU advert	August
Invitation to Tender	August - September 2019
Evaluation process and clarifications	October 2019
Executive sign off of contract award	3 <sup>rd</sup> December
Alcatel Period	December
Contract implementation	January – March 2020
New contract start date	1 April 2020

## **4. CONSULTATION**

Internally we have run several workshops which have involved direct users of the contract from across the council, Major Projects and Technical Services Team contract officers and the facilities

manager whose team facilitate all maintenance requests. These workshops were held to establish the following:

- the performance of the existing contracts
- discussing current and proposed scope
- procurement and contract options
- contract management
- commercial modelling
- lessons learned
- market analysis

Following the workshops, we met with the incumbent providers and several national contractors in the market to ensure that our proposal to combine the two contracts would result in interest from the market. As discussed previously in this report, this received a positive response.

## **5. FINANCIAL IMPLICATIONS**

### **Costs**

There are three parts to this contract;

- Reactive & Planned Maintenance, Compliance Testing and Minor works - based on the previous 12 months detailed expenditure analysis each of them is estimated at a value of £500,000 per annum.

It should be noted that the Reactive & Planned Maintenance arrangement is a framework call-off contract. This means that North Somerset Council will only incur costs when individual orders/purchase orders are raised against the contractor. There is no monthly fee or overhead charge.

- The Compliance Contract is a fixed monthly payment and will be based on the agreed planned modules.
- The Minor Works Contract is an opportunity to request a quote for the 'minor works' from the incumbent provider for works up to the value of £500,000.

### **Funding**

Revenue based property budgets for repairs, maintenance and minor works are currently held and dispersed across the Council, with Directors being responsible for requesting works and incurring expenditure within their own areas. The total value of the property related budgets across the Council is currently £600k p.a.

Capital based minor works budgets are contained within various schemes within the Council's approved capital programme, in projects such as the corporate Asset Management Programme as well as the central Schools Maintenance Programme. The value of these budgets currently total £750k p.a.

In addition, maintained schools are allocated resources within their funding formula to pay for building repairs which are expected to be covered within the reactive maintenance and minor contracts. The value of these budgets currently total approximately £200k p.a.

The Compliance Testing budget is held centrally, within the Corporate Services Directorate, and is the responsibility of the Head of Major Projects. This budget is approximately £613k p.a, and is aligned to a fixed programme of works, following which, the costs are fully recharged to service users.

The total value of budget provision across the Council, within both revenue and capital allocations, is in line with the potential costs which may be incurred within these contracts.

## **6. LEGAL POWERS AND IMPLICATIONS**

It is proposed to use the NEC4 Term Service Contract.

There is a legal requirement within The Health & Safety at Work Act 1974 that places a duty on employers to ensure, as far as reasonably practicable, the health & safety and welfare of all employees within the work place. In addition, statutory and regulatory compliance must be carried in accordance with this duty. As such, North Somerset Council are upholding their obligations by engaging a proficient property compliance maintenance contractor to undertake this requirement on their behalf. The definitive standard for building maintenance used is SFG20, which guarantees ongoing updates of legislation and regulations to ensure all buildings within the contract are compliant.

## **7. RISK MANAGEMENT**

There are a number of risks that have been established and mitigated, they are:

- No or limited interest from the market
- Unaffordable bids are received resulting in no award
- The provision does not meet the expectations of the contract users

The project team have spent time with various contractors in the market place during the pre-procurement phase to ensure that there is the required interest in this new contract arrangement. We are confident that the proposal to combine the contracts meets with the markets interest and anticipate healthy competition.

One of the reasons that we have decided to merge the two contracts is the attractiveness of the two contracts being managed together due to their natural synchronicity. The two contracts together allow for the combining of overheads and give more guarantee to the value with the Compliance Testing and Minor work. This should remove the risk of prospective contractors factoring in too much risk to their costs.

In addition, our Price/Quality criteria of 80/20 ensures that the tenderers understand the need to carefully consider their pricing schedules when tendering.

As this contract is used by a varied, cross directorate customer, it is important that the reputation of the contract is not damaged by non-performance, therefore Contract Management is vital to ensure that the response times, clear invoicing of costs and communication between the contractor and the person who placed the call is kept high on the agenda. Feedback from users of the contract should also inform the development of the contract.

## **8. EQUALITY IMPLICATIONS**

An equalities impact assessment has been completed.

## **9. CORPORATE IMPLICATIONS**

The Reactive & Planned Maintenance and Minor Works element of the contract provides a service for the Council as a whole and therefore has cross directorate implications particularly from a budgetary point of view. Whereas the compliance part of the contract sits within the Major Projects and Technical Services team and therefore the budget also.

## **10. OPTIONS CONSIDERED**

1. To extend the Compliance Contract to January 2021 into its final, allowable year, with a view to re procuring in 2020 as an individual contract requirement.
2. To re procure the Reactive & Planned Maintenance and Minor Works contract as an individual requirement to start April 2020.
3. To bring the service in-house
4. To combine the Reactive & Planned Maintenance, Minor Works and Compliance Testing Contract
5. To do nothing

All of the above options were discussed at length during the multi-disciplinary workshops held late last year. The benefits discussed during these workshops and led everyone to agree that combining the two contracts would be the most appropriate route. With regards to the potential to bring this service back in house, it was agreed that all of the experience in this area is now out with our contractors and the council no longer has the capabilities internally to provide this service without significant cost involved.

There is a legal requirement within the Health & Safety Act 1974 that places a duty on employers to ensure, as far as reasonably practicable, the health & safety and welfare of all employees within the work place. Therefore, to do nothing and not re procure either service is not an option.

It is proposed therefore to combine the two contracts and procure as one single contract.

## **AUTHOR**

Nicola Scribens, Procurement Manager, 01275 885208

## **BACKGROUND PAPERS**

Report to Full Council 8<sup>th</sup> November 2016 – Appointment of a Supplier for the Property Compliance Contract

Report to Full Council 23<sup>rd</sup> September 2014 – Appointment of Supplier for the Maintenance and Planned Minor Works contract