

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

Subject:	Building Services Procurement Requirements - 2018/19		
Corporate Director(s)/ Director(s):	Andy Vaughan - Corporate Director for Commercial & Operations		
Portfolio Holder(s):	Councillor Graham Chapman - Portfolio Holder for Finance, Resources and Commercial Services		
Report author and contact details:	Trevor Bone Property Maintenance Manager Tel: 0115 8763142 Email: trevor.bone@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: £14,145,000			
Wards affected: All	Date of consultation with Portfolio Holder(s): Councillor Graham Chapman 7/08/18		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input checked="" type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input checked="" type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input checked="" type="checkbox"/>
Leisure and Culture			<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This report sets out the requirements for Nottingham City Council, Building Services team to procure multiple replacement contracts which all end March 2019. The Executive Board paper (Repairs and Maintenance of Council Assets) 2 November 2015 (Appendix 1), outlined Building Services then new strategic direction regarding its procurement requirements. Working in conjunction with the central procurement team, Building Services has created a programme of procurement solutions, including insourcing of appropriate activity and reviewing existing contracts. The result of this analysis has enabled the reduction in the number of contracts required going forward.</p>			
Exempt information			
None			
Recommendation(s):			
<p>1 Approve the procurement of replacement contracts detailed in Appendix 2 with a total value of £2,145,000 through an appropriate procurement process, and to award the contracts for the services based on the outcomes of the procurement process</p>			
<p>2 Approval to procure a Framework Agreement for Demolition Works with a maximum value of £12,000,000 over four years from 1 April 2019</p>			

- 3 To delegate authority to the Corporate Director of Commercial and Operations to award contracts from the Framework Agreement for Demolition Works up to the total of £12m over 4 years from 1st April 2019.

1 REASONS FOR RECOMMENDATIONS

- 1.1 Due to multiple contracts coming to the end of their term in March 2019 Nottingham City Council, Building Services team have to procure replacements. This enables the Building Services team to keep Nottingham City Councils portfolio of assets compliant with multiple statutory, regulatory and legislative obligations (Appendix 3), for its portfolio of assets which serve a diverse mixture of citizens in Nottingham.
- 1.2 To improve efficiency and value for money in the services we commission. This procurement exercise is the optimal approach in managing our costs.
- 1.3 To ensure a high level of customer satisfaction with our services is maintained, as evidenced by feedback from internal stakeholders.
- 1.4 The new contracts will require the supplier to utilise modern technology where appropriate, to maximise efficiency in their own operations and ensure that Nottingham City Council Concerto system, records live data and continues the processing and storage of circa 15,000 compliance certificates / documents every year.
- 1.5 To ensure risk is managed in an appropriate manner ensuring the citizens of Nottingham and its visitors to the city are safe when visiting the council's portfolio of assets.
- 1.6 The figure for the maximum value associated with the demolition works framework agreement is a maximum spend required based on previous years activities; actual spend will depend on the value of individual schemes as they become necessary, and awarding the Framework Agreement does not commit the Council to any spend until such time as a call-off contract is awarded under the terms of the Framework Agreement.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Building Services has undertaken the commercial restructuring of its supplier contracts achieving a reduction in spend by £100,000 for 2018/19. In addition to our restructuring, we have insourced electrical & mechanical and general repairs and maintenance services, with an annual spend of £2m per annum. Other services have been identified for insourcing such as hot & cold water servicing & plumbing repairs which have a current combined annual spend of £400,000. All new contracts will include a contractual clause to enable further insourcing activity, which will result in further savings.
- 2.2 Nottingham City Council must fulfil its statutory, regulatory and legislative compliance obligations for its portfolio of assets which serve a diverse mixture of citizens in Nottingham and also includes the flagship corporate and civic asset portfolio. Nottingham City Council has a legal duty to offer a safe, and properly maintained portfolio of assets to its citizens, which are also accessible and appropriate to all sectors of the community.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do nothing and allow contracts to end and not re-commission services. This will remove statutory, regulatory and legislative compliance across Nottingham City Councils portfolio of assets and increase the risk of prosecution and reputation to Nottingham City Council for providing non-compliant assets that endanger its citizens. This is unacceptable and so this option has been rejected.
- 3.2 Insource all of the activity covered by the contract areas under consideration for renewal. This option has been rejected due to the following; capacity, complexity, risk and value for money.
- 3.3 Allow Nottingham City Councils various directorates to individually purchase the services as they require to ensure compliance across the assets they are responsible for. This is likely to result in a more expensive, less compliant and less reliable service. It would also be more bureaucratic, with less ownership and accountability. For this reason this option has been rejected

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The total value of new contracts required (Appendix 2) is estimated to be worth £2,145,000 over a 4 year period. The creation of a demolition framework estimated value over 4 years at £12,000,000 would be additional to the £2,145,000 contract retendering required. Tendering for all contracts at this time increases value for money, as economies of scale can be gained from managing all contracts together.
- 4.2 Base budget exists for spend on these contracts, as part of the corporate Planned Maintenance budget. A reduction in both the number of contracts required, and the unit cost of these contracts will benefit this budget, and contribute to overall savings requirements.
- 4.3 The reduction in spend with key suppliers has been identified in the Building Services commercial pipeline of works, with a forecast reduction of £100k expected in 17/18, which will be maintained in further years. All new contracts will include a contractual clause to enable further insourcing activity, which may result in further savings.
- 4.4 The contracts should adhere to financial regulations and be reviewed after the 2 years to ensure prices remain competitive and is still fit for purpose for the service.

Emma Cable – Finance Business Partner - 5th September 2018

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 There are no legal concerns arising from this report. Any contract to be awarded must be procured in accordance with the Council's constitutional requirements and procurement legislation. Legal Services will provide advice with regard to appropriate contract terms and provide support as required throughout the procurement process.

- 5.2 There are no legal procurement concerns arising from the report. The procurement team will work with the client to ensure compliance with the Councils Contract Procedure Rules and Public Contract Regulations 2015.

Sue Oliver – Procurement Category Manager (Places) 12/09/2018.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 The approach outlined in the report is consistent with the Council's Corporate Asset Management Plan 2018. The Council has statutory and operational responsibilities respect to its estate and a requirement to ensure that these responsibilities be undertaken in such a way to ensure value for money.
- 6.2 The report proposes the procurement of multiple contracts to support the Council in the management of its estate providing flexibility to reduce cost by in house provision where appropriate that is consistent with the principles contained in the Corporate Asset Management Plan.
- 6.3 The report proposes that the Council's Concerto system is utilised to store contractor live data and certificates, this approach being aligned to the Council's Integrated Property Asset Management approach referenced in the Corporate Asset Management Plan.

Tanya Najuk Head of Strategic Assets Management Strategic Assets and Property Development; 11th September 2018

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The multiple maintenance service contracts are unable to be insourced due to the specialisms and therefore where possible Building Services will ensure that the chosen suppliers will be local to the area and seek to provide employment opportunities for Nottingham citizens.
- 7.2 The multiple maintenance service contracts will support Nottingham's citizens in continuing to access information on services, support and opportunities such as training and post-education opportunities, which are available to them within Nottingham City Council asset portfolio.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes



Attached as Appendix 4, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Appendix 1 - Executive Board - Repairs and Maintenance of Council Assets,
2.11.15

Appendix 2 - Building Services Procurement 2018-2021

Appendix 3 - Applicable Legislation

Appendix 4 - Equality Impact Assessment