

**Nottingham City Council
Review of Capital Maintenance Fund**

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Attendees:

Richard Beckett (Chair)

Thomas Straw

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Interviewees:

Robert Caswell Nottingham City Council

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1. Overall Assessment

- 1.1 The Capital Maintenance Fund continues to be managed effectively through the SCAPE Framework. There is a clear and transparent prioritisation process that provides an opportunity for key maintenance issue to be addressed.
- 1.2 An increase in the time window in 2021/22 (due to an unforeseen additional funding allocation that has carried over from 2020/21) should provide an opportunity to consider alternate procurement routes and increase value for money, improve engagement with schools and provide for less time constraints than are usually prevalent during the annual cycle of programming works during the summer holiday.
- 1.3 However, it is noted that the levels of available funding compared against required maintenance spend across the estate does create the fund as primarily reactive and not proactive.

2. Context

2.1 Review Status

- 2.1.1 This review was held as part of the Capital Programme prioritisation process, prior to approval to commit to spend or seek alternate procurement routes.

2.2 Details of the scheme

- 2.2.1 The scheme has a budget of £1.4 million pounds to complete prioritised maintenance works on the Primary School Estate. Early indications are that 10 projects across 9 schools will be delivered in the spring summer of 2022 (year 22/23)

2.3 Approvals to date

- 2.3.1 The Capital Board on 17th November have approved the Capital Programme proposal to proceed to Executive Board December 2021 for full approval to spend.

3. Panel Discussion

3.1 Strategic vision

- 3.1.1 The panel sought clarity whether the supply chain met the requirements of the Councils strategic plans, for example, in the need to meet carbon neutral objectives. The work is mainly done by 2 main contractors with Lindums completing some of the wider schemes under the scape Framework. This framework does link in to energy efficiencies and other green agendas and the works often involve replacement of inefficient and outdated equipment that results in an improvement in environmental impact.
- 3.1.2 Further conversations are however needed with building services to more clearly define carbon neutral options and their impact on affordability. There is a balancing act required between delivering state of the art solutions and ensuring that a number of maintenance projects can be delivered across the schools that need it.

3.2 Value for money

3.2.1 Value for money is provided in part through the use of the Scape framework which provides advantages around timeliness. However, an opportunity to tender is being afforded in the future mainly due to the additional time that can be built in to the programme. Additional unforeseen and unspent funding from 20/21 is carried forward for use this year. This creates an ongoing mechanism for approvals three of four months earlier than has previously been the case – which could be used for a more improved VFM exercise.

3.2.2 Currently, the Capital Maintenance Fund operates largely through the Scape framework contractor (Lindums) who do provide an appropriate level of service. There is also a facility to for preferred suppliers to be used. The current working relationship is positive and are performance managed on local material and staff usage which would mitigate the risk somewhat against the risk of supplier complacency.

3.3 Risk

3.3.1 The often low value nature of the work does create a risk that contractors may be unavailable or, alternatively will ultimately seek other larger, more profitable work across the industry. The project team will continue to assess this risk.

3.3.2 Also, there are very tight timescales to the maintenance work on schools with the programme striving (successfully) to complete the vast majority of the onsite work within the summer school holiday period of 26 days.

3.4 Finance

3.4.1 The review team asked whether opportunities to access match funding / energy grants were being investigated to support school maintenance funds. The project team do engage in dialogue with energy colleagues and are doing some partnership work with them. It is recommended that this continues.

3.4.2 In house services are currently used in, for example, some of the M and E works. These should continue to be benchmarked to ensure that affordability is maintained.

3.4.3 Contingency levels are set at 10%. This is currently thought to be an appropriate sum but it is noted that supply and materials are increasing and this should be open to constant review and appraisal. The prioritisation process does allow for de scoping across the whole programme to be relatively straightforward although it is accepted that higher contingency levels would likely lead to less schools benefitting from the fund each year.

3.4.4 It is also noted that there may be an increased risk of contractors going in to liquidation as a result of the very challenging market conditions. This risk is mitigated against by payments only be authorised against completed works.

3.5 Resourcing

3.5.1 Support is required from internal enablers that will include Legal colleagues and Procurement. Current workloads and pipelines to both those areas do create a risk.

Therefore it is recommended that discussions continue to firm about resource requirements and a forward plan.

3.6 Framework / Contract

3.6.1 It is currently unclear to the Review Team what outcomes and deliverables would be part of the Scape Framework contract in relation to carbon reduction and also, should there be a tender process how these would be promoted and ultimately scored. The project have considered this and will include priced options to incorporate key deliverables e.g. insulation or alternatively look at requesting estimates for more general contractor advised energy saving benefits.

3.6.2 Contractor environmental and citizen impact conduct should also be considered. Mission statements and policy statements should therefore be considered to be part of a scoring mechanism.

3.7 Prioritisation

3.7.1 The process considers four key prioritisation criteria. This is to maintain an element of simplicity to deliberations and has been relatively successful in ensuring the right repair and maintenance is completed across the Schools estate. The Review Team wondered whether any other factors should be included.

3.7.2 Additionally, strategic intention is not necessarily considered in as much detail as may be desirable. Discussion around whether the fund could or should progress wider issues concluded that remaining funds after prioritised maintenance spend would be highly unlikely, particularly given that there are around £24m of identified works required across the estate.

3.7.3 The Project do however engage with schools and also, to some extent, appraise the wants of a school e.g. outdoor play provision. However, the levels of prioritised works tend to result in work needed rather than work desired.

3.7.4 Scoring in the prioritisation process seems clear but there are some uncertainties around how the supporting information feeds in to the decision to prioritise e.g. waste water and the impact that would lead to the requirement to replace heating systems, which would in effect lead to a temporary closure of a school. Further detail to explain the “knock on effect” justification as to why projects have been prioritised within the decision making documentation would be recommended.

3.7.5 Allied to this there could be further clarity around the links between delivering a safe environment for children and the requirement to improve educational attainment through increased morale of both staff and young people e.g. roofing works at Rufford Primary will provide a better environment and consequently increase the feeling of being valued.

4. Project Appraisal Group Recommendations –

The Panel makes the following recommendations:

Ref No.	Recommendation	Critical / Essential / Recommended
1	Energy / environmental impacts be more widely considered through <ul style="list-style-type: none"> • More clearly defined carbon neutral options • Tender, where used, include priced options re environmental impact • Ensuring that contractors / suppliers hold clear mission statements or policy objectives re environmental impact. 	Essential
2	Programming and engagement to be forward planned and commence earlier in the calendar year.	Essential
3	That the risk register be amended to increase the risk against contractor shortage, particularly in light of the increased likelihood of liquidation of key local and national businesses.	Essential
4	Opportunities to access match funding and energy grant funding continues to be sought.	Essential
5	While the use of in-house resource is accepted, value for money be assured through benchmarking.	Recommended
6	Contingency levels be reviewed in light of supply and material issues that are being experienced.	Essential
7	Prioritisation processes continue to be reviewed to ensure it is fit for purpose	Recommended
8	The prioritisation (and tender) process continues to provide clarity around the “knock on effect” as to why decisions were made.	Recommended

Key

Critical (Do Now)	- To increase the likelihood of mitigating the risk profile to the Council that this investment exposes, it is of the greatest importance that action is taken immediately.
Essential (Do By)	- To increase the likelihood of understanding/mitigating the significant risks to the Council, action is taken prior to proceeding to Heads of Terms.
Recommended	- The decision should benefit from the update of this recommendation.