

Commissioning and Procurement Executive Committee – 15 February 2022

Subject:	Building Services and Facilities Management Procurement Requirements 2022-2023		
Director:	Mary Lester – Acting Director for Neighbourhood Services		
Portfolio Holder:	Councillor Sam Webster - Finance and Resources		
Report author and contact details:	Trevor Bone – Acting Head of Building Services Trevor.bone@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Naomi Vass – Legal Clive Heaphy & Philip Gretton – Finance Sue Oliver – Procurement Rebecca Hurt – Energy Carbon assessment Rosey Donovan – Equality Impact assessment		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £750,000 or more
taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue
			<input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes
			<input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue	<input type="checkbox"/> Capital	
Total value of the decision:	£32,520,000		
Wards affected:	City Wide		
Date of consultation with Portfolio Holder:	January 2022		
Relevant Council Plan Key Outcome:			
Clean and Connected Communities		<input type="checkbox"/>	
Keeping Nottingham Working		<input checked="" type="checkbox"/>	
Carbon Neutral by 2028		<input checked="" type="checkbox"/>	
Safer Nottingham		<input checked="" type="checkbox"/>	
Child-Friendly Nottingham		<input type="checkbox"/>	
Healthy and Inclusive		<input checked="" type="checkbox"/>	
Keeping Nottingham Moving		<input checked="" type="checkbox"/>	
Improve the City Centre		<input checked="" type="checkbox"/>	
Better Housing		<input type="checkbox"/>	
Financial Stability		<input type="checkbox"/>	
Serving People Well		<input checked="" type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):			
<p>This report sets out Building Services and Facilities Management (FM) procurement requirements for planned, reactive maintenance and minor works for financial year 2022/23. The Council has a statutory duty to be compliant with all applicable asset legislation in relation to its asset portfolio. This duty is met by carrying out planned, reactive and minor works on its asset portfolio. Whilst works are performed in-house wherever possible, there are occasions where specialist contractors or additional resource is required.</p> <p>Building Services and Facilities Management needs to award several framework agreements and contracts to the value of £32.520m as set in appendix 1 in conjunction with the council's procurement team. Additionally, £1.6m of the planned maintenance budget in 2022/23 will be spent through internal services and Nottingham City Homes.</p>			
Exempt information:	None		

Recommendations:

- 1** To approve procurement of contracts to a maximum value of £32.52m in line with the annual procurement plan as set out in appendix 1.
- 2** To delegate authority to the Acting Director for Residents Services to award the contracts and approve all call-off arrangements under those contracts over a period of four years 2022-26 to a maximum of £32.520m, as set out in appendix 1.
- 3** To approve the proposed expenditure of at least £1.6m of the £3m planned maintenance budget for 2022/23 to be spent on services delivered either through in-house provision or Nottingham City Homes.

1. Reasons for recommendations

- 1.1 There are a number of contracts which the Building Services and Facilities Management department use coming to the end of their term in March 2022. The contracts set out in the appendix require re-procurement to enable Building Services to keep the Council's asset portfolio compliant with regulatory, legislative and insurance obligations. Through the proposed procurement routes the Council can continue to improve efficiency and service of supplier delivery across multiple high-risk work streams and improve value for money for Directorates across the Council. Our annual procurement programme has been proven the best approach to securing a competent supply chain with the lowest costs possible.
- 1.2 This report details how orders are placed with Contractors through the Council's robust systems. To ensure a smooth and timely process for placing orders it is recommended that the Director for Neighbourhood Services has delegated authority to approve any contracts and call-offs made under frameworks for their duration. No award will be made without evidence that the budget has been approved for the ordered requirement.
- 1.3 It has been identified that at least £1.6m of the 2022/23 planned maintenance budget can be delivered through a mixture of in-house services and the Council's company, Nottingham City Homes, which is a company meeting the Teckal exemption requirements under procurement legislation. Contracts to such companies are not subject to the procurement requirements as set out in the Contract Procedure Rules but authority is still required to authorise entering into such contracts.

2. Background (including outcomes of consultation)

- 2.1 Building Services and Facilities Management provide a range of asset management services and specifically planned maintenance, reactive, and minor works all with the intention of maintaining the safety and integrity of the Council's property portfolio.
- 2.2 The Council has a statutory duty to maintain and service all equipment within our property portfolio in accordance with current legislation in order for buildings to be safe and compliant for all users. To ensure the management of risk is undertaken by appropriately trained and qualified colleagues in an appropriate manner. This ensures that our citizens and visitors to the city are safe when visiting/using the council's assets.
- 2.3 In addition to having and managing its own determined work programme and budget, the Service also provides a complete building services function to support departments across the Council. Approval for these works will be sought by the

budget holders in line with financial regulations. Prior to providing any services to a department Building Services and Facilities Management require evidence that there is an approved budget in place.

- 2.4 In providing a range of services, and delivery against its own requirements it is necessary to use a mix of in-house provision and the use of external contractors, including the Council's own companies where appropriate to do so. The use of external contractors is mainly for the delivery of specialised works and services, or on occasion to meet any resource requirements.
- 2.5 The budget allocated for planned maintenance for 2022/23 is £3m of which it is intended that at least £1.6m will be spent internally or through Nottingham City Homes. The remaining amount will be spent through external contracts which are either already in place through previous procurement exercises or the newly procured contracts as set out in this report.
- 2.6 Building Services and Facilities Management have successfully been engaging with the Council's Corporate Procurement Team to run tenders to appoint a range of contractors and demonstrating Best Value for the Council.
- 2.7 Building Services and Facilities Management have already undertaken the restructuring of its supply chain, which achieved a £450k pa reduction in costs across the Directorates. We also insourced multiple work streams e.g. legionella flushing, fire alarm weekly bell testing, asbestos auditing etc. to further gain cost and service delivery efficiencies. All new contracts include a contractual clause to enable further insourcing activity.
- 2.8 The Planned Maintenance programme ensures health and safety issues within the Councils operational portfolio are overseen in a strategic manner. The projects are subject to there being an approved budget in place which is usually the annual budget allocated to Building Services and Facilities Management. All projects undergo and pass the scrutiny and governance of the Operational Asset Group (OAG). The statutory planned maintenance programme enables all the statutory checks, inspections, and insurance testing to be completed throughout the operational portfolio and ensure assets are safe to use. It also ensures 24/7 service delivery throughout the year.
- 2.9 All contracts and orders placed under a framework arrangement are recorded on the Council's Concerto system. This ensures the 'Golden thread' of live data and evidence of works undertaken are captured and all certification associated with compliance is stored centrally. It also means that the Strategic Director for Neighbourhood Services has confidence that any order placed not only has evidence that there is a budget in place but that the order is fully recorded and can be used for any audit purposes. New contracts will continue to require the supplier to utilise our asset management system.

3. **Other options considered in making recommendations**

- 3.1 Do nothing and allow contracts to end, which will remove statutory, regulatory, and legislative compliancy across the Council's portfolio of assets and increase the risk of prosecution and reputational damage to Nottingham City Council. This option was considered unacceptable and rejected.
- 3.2 Insource all the activity covered by the contract areas under consideration for renewal. Due to the complexity and high risks involved with this task, including

a lack of competency-based skills and training, equipment and specialised resource, it was considered unacceptable and rejected.

- 3.3 Allow Nottingham City Council's directorates to purchase their own asset compliancy services. This is a very high-risk approach to asset safety and compliance across the portfolio and the Council would find it very hard to track actual compliance through our current systems. Such an approach would lead to additional expense and the general safety of the asset compromised. This option was considered unacceptable and rejected.

4. **Consideration of Risk**

- 4.1 N/A

5. **Finance colleague comments (including implications and value for money/VAT)**

The following report review has been completed by Philip Gretton.

Title: Review Building Services Procurement Requirements - 2019/2020, version 1,
Changes required: None, it's fine as it is

Philip Gretton – Team Manager – Resources 17th January 2022

I would suggest that where we use NCH and they simply outsource the work we pay a 1%-2% handling fee and no more. I see no justification for an 8% top slice when all they do is pass the work on. I am copying Sajeeda for information

Clive Heaphy – Corporate Director, Finance & Resources 20 January 2022

6. **Legal colleague comments**

- 6.1 This report sets out a number of recommendations around the contracting arrangements to be put in place for the Building Services and Facilities Management department. In considering each of the recommendations in turn – there are no legal concerns arising from Recommendation 1. The proposal here is to conduct a range of procurement exercises which will result in contracts or the ability to award contracts through frameworks. Subject to a compliant procurement process being undertaken, which will include the provision of contract terms, this recommendation is supported.
- 6.2 Recommendation 2 is simply to provide a smooth mechanism to place orders under the procured contracts, without seeking further approvals. The delegation is not intended to give any authority to approve budgets for any projects. Client departments will need to provide evidence of approved budgets on an order by order basis, or where orders are placed directly by the Building Services and Facilities Management department to discharge their obligations the budget will have been approved as part of the Council's annual budget setting process. In addition to knowing that no order will be placed without a budget being available any order will have a clear audit trail on the Council's Concerto system providing assurance for the Director of Neighbourhood Services. Accordingly, this recommendation raises no significant legal concerns.
- 6.3 Finally, committee is asked to approve a proportion of the Building Services planned maintenance budget to secure provision both from in-house teams

and also Nottingham City Homes, a Teckal exempt company wholly owned by the Council. Articles 18.19 to 18.30 of the Council's Constitution sets out the approach to these types of arrangement. With regard to Teckal exempt companies specifically, although there is no obligation to carry out a procurement process there is still an obligation to (1) enter into a contract with the company; (2) ensure there is approval in place for such contracts; and (3) demonstrate that the arrangement demonstrates Best Value. This recommendation is intending to seek a blanket approval to contract with NCH, which as long as the requirements above are met, can be supported. It is advised that there is always a clear record that sets out how the proposed contract demonstrates Best Value for the Council and to take legal advice with regard to any contractual terms. In addition any recommendations approved by the Council meeting of 4 January 2022 with regard to the s.114 notice issued must be complied with where they may impact on any proposed contract being awarded to NCH.

Naomi Vass – Team Leader, Contracts and Commercial 31/1/22

7. **Other relevant comments**

Procurement - There are no 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 and to ensure that value for money is achieved.

Sue Oliver – Procurement Category Manager (Places) 18/01/2022

8. **Crime and Disorder Implications (If Applicable)**

8.1 N/A

9. **Social value considerations (If Applicable)**

9.1 All contracts have suppliers social, economic, and environmental promises to be fulfilled over the duration of the contract.

10. **Regard to the NHS Constitution (If Applicable)**

10.1 N/A

11. **Equality Impact Assessment (EIA)**

11.1 Attached as Appendix 2, and due regard will be given to any implications identified in it.

12. **Data Protection Impact Assessment (DPIA)**

12.1 Attached as Appendix 3, and due regard will be given to any implications identified in it.

13. **Carbon Impact Assessment (CIA)**

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

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None.

15. Published documents referred to in this report

15.1 None.