

Commissioning and Procurement Executive Committee – 14 February 2023

Subject:	Building Services and Facilities Management Procurement Requirements 2023-2024		
Director:	Nicki Jenkins – Economic Development and Property		
Portfolio Holder:	Councillor Adele Williams – Finance		
Report author and contact details:	Trevor Bone Head of Building Services & Facilities Management - trevor.bone@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Anthony Heath – Legal Ross Brown – Finance Susan Tytherleigh – 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 If Capital, provide the date considered by Capital Board Date:			
Total value of the decision: £5.497m			
Wards affected: City Wide			
Date of consultation with Portfolio Holder: January 2023			
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): This report sets out Building Services (BS) and Facilities Management (FM) procurement requirements for planned, reactive maintenance and minor works for financial year 2023/24. The Council must comply with a number of statutory obligations set out in a wide range of primary and secondary legislation (“the applicable legislation”) in relation to its asset portfolio. These obligations are 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. This report sets out how those requirements are to be procured to provide a seamless ability to meet the Council’s obligations under the applicable legislation.			

BS&FM needs to award several framework agreements and contracts to the value of £5.497m as set in appendix 1 in conjunction with the council's procurement team. T&C's are already in place for awards under framework arrangements. For other contracts, Legal Services will support where it can or facilitate the use of external solicitors if the circumstances require and funding is identified.

Exempt information: None

Recommendations:

- 1** To grant authority to procure contracts in line with the annual procurement plan, as set out in appendix 1, to the value of £5.497m.
- 2** To delegate authority to Director of Economic Development and Property to award the contracts procured under recommendation 1 and to approve all call off arrangements under those contracts over a period of four years 2023/2027 to a maximum value of £5.497m, as set out in appendix 1.
- 3** To approve the proposed expenditure of at least £1m as referenced in 2.4 & 2.5, of the £3.1m planned maintenance budget for 2023/24 to be spent on services delivered through in-house provision.

1. Reasons for recommendations

- 1.1. The contracts set out in the appendix require re-procurement to comply with the public contract regs 2015 to enable BS&FM to keep the Council's asset portfolio compliant with regulatory obligations, the applicable legislation 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 proven to be the best approach to securing a competent speciality 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 of Economic Development and Property 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 or a contract is in place that either complies with the requirements of the Framework or has been reviewed by Legal Services.
- 1.3. It has been identified that at least £1m of the 2023/24 planned maintenance budget can be delivered through use of in-house services.

2. Background (including outcomes of consultation)

- 2.1. BS&FM provide a range of asset and facilities management services specifically planned maintenance, reactive, minor works, facilities management which is defined as "the tools and services that support the functionality, safety, and sustainability of buildings, grounds, infrastructure, real estate and cleaning etc" all with the intention of maintaining the safety and integrity of the Council's operational property portfolio.

- 2.2. The Council is subject to the applicable legislation which includes obligations to maintain and service all equipment within its property portfolio in accordance with current legislation in order for buildings to be safe and compliant with legislative requirements and to ensure the management of risk is undertaken by appropriately trained and qualified colleagues. This mitigates the risks of successful claims, that our citizens and visitors to the city are safe when visiting/using the council's assets and ensure the frontline services can be delivered from the facilities.
- 2.3. In addition to having and managing its own determined work programme and budget, the service also provides a complete building services and facilities management 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 BS&FM 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 specialist contractors. The use of specialist 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 2023/24 is c£3m of which it is intended that at least £1m will be spent internally. 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. BS&FM 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. BS&FM have already undertaken the restructuring of its supply chain, which has previously 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, the addition and deletion of the asset register and social and economic responsibilities.
- 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 BS&FM. All projects undergo and pass the scrutiny and governance of the Operational Asset Group (OAG). The planned maintenance programme enables all the checks, inspections, and insurance testing to be completed throughout the operational portfolio and ensure assets are safe to use. It also aims to ensure 24/7 service delivery throughout the year as far as is reasonably practicable.
- 2.9. BS&FM ensure supplier value for money by undertaking competitive tendering and quotation exercises as well as external benchmarking. In terms of supplier performance BS&FM have established performance metrics built into its IT system covering the following;
 - 1 All reactive maintenance orders to be completed by target date;
 - 2 All PPM activities to be completed by target date;

- 3 Number of PPM activities to have a status of overdue;
- 4 All orders to be completed and applied for within 90 days of completion date;
- 5 All invoices to be uploaded within 72 hours of monthly certificate being created

2.10. 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 Director of Economic Development and Property 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 compliance with the applicable legislation and regulatory requirements 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 approach is also against the principles of the Corporate landlord model to be introduced in 2023. This option was considered unacceptable and rejected.

4. Consideration of Risk

- 4.1. N/A

5. Best Value Considerations

- 5.1. BS&FM already work within the of best value framework. Over the past 2 years we have redesigned Building Services and Mechanical & Electrical teams saving the Council over £2m to deliver more workstreams inhouse with significantly less resource achieved by using less resource via system development and innovative process.
- 5.2. This and previous years' reports demonstrates BS&FM continued commitment to procure specialist suppliers ourselves.
- 5.3. BS&FM will begin a Facilities Management (FM) redesign in the new year and will be reviewing our service standards and workstreams as we transition into Corporate Landlord. This will ensure we have a lean and fit for purpose FM offer across the Council.

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

- 6.1 It is necessary to undertake the re-procurement stated in this report to adhere with City Council procurement rules and financial regulations and therefore the recommendations are agreed to.
- 6.2 Value set out in Appendix and identified in the recommendations is the value of the contracts not the budgeted figures and any contracts procured need to be within future budgets available.
- 6.3 In line with recommendation 2, all agreed contracts will be awarded by the Director of Economic Development and Property and will be monitored in line with the budgets and contract values

Susan Tytherleigh, Strategic Finance Business Partner - 13 January 2023

7. Legal colleague comments

- 7.1. 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.
- 7.2. 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 Economic Development and Property. Accordingly, this recommendation raises no significant legal concerns.
- 7.3. Finally, committee is asked to approve a proportion of the Building Services planned maintenance budget to secure provision from in-house teams. If possible, even in the use of in-house teams, it is helpful to create a clear record that sets out how the proposed arrangements demonstrates Best Value for the Council.

Anthony Heath, Interim Team Leader, Contracts & Commercial - 3 January 2023

8. 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.

9. Crime and Disorder Implications (If Applicable)

9.1. N/A

10. Social value considerations (If Applicable)

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

11. Regard to the NHS Constitution (If Applicable)

11.1. N/A

12. Equality Impact Assessment (EIA)

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

13. Data Protection Impact Assessment (DPIA)

13.1. A DPIA is not required because no personal data is involved with the procurement exercise.

14. Carbon Impact Assessment (CIA)

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

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

15.1. None.

16. Published documents referred to in this report

16.1. None.