

Commissioning and Procurement Executive Committee – 12 March 2024

Subject:	Corporate landlord procurement requirements 2024-25		
Corporate Director: Director:	Colin Parr – Communities, Environment and Resident Services Nicki Jenkins - Economic Development and Property		
Portfolio Holder:	Cllr Battlemuch – Skills, Growth, Economic Development and Property		
Report author and contact details:	Trevor Bone, Head of Building Services & Facilities Management Trevor.bone@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Sarah Baker, Senior Commercial Business Partner Anthony Heath, Senior Solicitor Sue Oliver, Procurement Category Manager Beverley Gouveia, Head of Property		
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: £17,730,000			
Section 151 Officer expenditure approval Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/a Spend Control Board approval reference number:			
Wards affected: City Wide			
Date of consultation with Portfolio Holder: 8 February 2024			
Relevant Council Plan Key Outcome:			
Green, 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"/>		
Living Well in our Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Moving	<input checked="" type="checkbox"/>		
Improve the City Centre	<input checked="" type="checkbox"/>		
Better Housing	<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 2024-25. This report also includes Property teams' procurement requirements for financial year 2024-25 which is due to the formation of Corporate Landlord Services which BSFM fall under. 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. This report sets out how those requirements are to be procured to provide a seamless ability to meet the Council's statutory duty.			

Exempt information: None	
Recommendations:	
1	To delegate authority to Head of Building Services and Facilities Management to procure and award the frameworks and contracts set out in the annual procurement plan in appendix 1 to the value of £17,730,000
2	To delegate authority to Head of Building Services and Facilities Management to award call-off contracts under the frameworks set out in appendix 1 within established budgets in compliance with the terms of the frameworks without having to seek further approvals up to the financial limit for officer decisions in force at the time. For avoidance of doubt, awards of contract other than provided for in this recommendation shall seek approval appropriate to the delegated limits of authority set out in the Constitution
3	To approve the proposed expenditure of at least £1m of the £3.1m planned maintenance budget for 2024/25 to be spent on services delivered through in-house provision.

1. **Reasons for recommendations**

- 1.1 There are a number of contracts which the Building Services and Facilities Management (BS&FM) department use that are coming to the end of their term in March 2024 onwards. The contracts set out in the appendix 1 require re-procurement to enable BS&FM 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 proven to be the best approach to securing a competent specialist supply chain with the lowest costs possible.
- 1.2 This report details how orders are placed with Contractors through the Council's robust system. 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.
- 1.3 It has been identified that at least £1m of the 2024/25 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 has a statutory duty 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 ensures 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 (if required) 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 and spend control approval 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 it's in house team require.
- 2.5 The budget allocated for planned maintenance for 2024/25 is c£3.1m 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 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 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 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. In 2024 under the Corporate Landlord Services programme all Statutory testing across the Council is now the responsibility of Corporate Landlord Service BSFM team.
- 3.4 Such an approach would lead to additional expense and the general safety of the asset compromised as well as going against the principles of the Corporate Landlord model introduced in 2023. This option was considered unacceptable and rejected

4. Consideration of Risk

- 4.1 N/A

5. Best Value Considerations

- 5.1 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.

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

- 6.1 This report seeks approval to move forward with procurement of several contracts to enable continuation of services funded through existing budgets.
- 6.2 It contains assurances that all approval routes and controls applicable at the time will be adhered to when it comes to placing orders through the new contracts.
- 6.3 It further seeks approval to spend c.£1m of the existing Planned Maintenance budget on in-house delivery.
- 6.4 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.
- 6.5 The values set out in appendix 1 and identified in recommendation 1 is the value of the contracts rather than the budgeted figures and any contracts procured need to be within future budgets available.
- 6.6 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.

Sarah Baker, Senior Commercial Business Partner - 2 February 2024

7. Legal colleague comments

- 7.1 This report seeks authority to set up one framework arrangement, for Minor Works & Planned Maintenance, and to procure various other contracts as set out in appendix 1. The report seeks delegation to the Director of Economic Development and Property to award any call-off or other contracts between 2024 – 2028.
- 7.2 In setting up the framework arrangement and procuring various other contracts, the Council must comply with its own constitution and the relevant regulations in force at the time.

Tony Heath, Senior Solicitor - 6 February 2024

8. Procurement

- 8.1 This report seeks authority to set up the frameworks and/or contracts set out in appendix 1 to support the continuing operations within Building Services. The procurement and commercial strategy for each has been determined by the client team in Building Services and the Procurement Team and agreed by the Commercial Oversight Board.
- 8.2 Officers have delegated authority under the Constitution to award contracts up to £300k where the budget has already been approved and within established policy. For call-offs £300k and above, approvals need to be sought in line with the Constitution:
- £300k to £750k Portfolio Holder decision (normally in the form of a DD);
 - £750k & above Key Decision (Leader's Key Decision, Executive Board or this Committee).

Sue Oliver, Procurement Category Manager - 8 February 2024

9. Corporate Landlord Implications

- 9.1 The procurement exercises set out in the appendices are required to ensure the Council can operate its Corporate Landlord model and ensure that the Council's asset are well managed and compliant within the best value framework.

Beverley Gouveia, Head of Property - 8 February 2024.

10. Crime and Disorder Implications (If Applicable)

- 10.1 N/A

11. Social value considerations (If Applicable)

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

12. Regard to the NHS Constitution (If Applicable)

- 12.1 N/A

13. Equality Impact Assessment (EIA)

13.1 An EIA has been undertaken and due regard will be given to any implications identified in it.

14. Data Protection Impact Assessment (DPIA)

14.1 A DPIA is not required because no applicable data is generated.

15. Carbon Impact Assessment (CIA)

15.1 A CIA has been undertaken and due regard will be given to any implications identified in it.

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

16.1 None.

17. Published documents referred to in this report

17.1 None.