

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 11/02/2020**

<b>Subject:</b>	Building Services Procurement Requirements 2020-2021		
<b>Corporate Director(s)/ Director(s):</b>	Andy Vaughan - Corporate Director for Commercial & Operations		
<b>Portfolio Holder(s):</b>	Councillor Sally Longford Portfolio Holder for Energy, Environment and Democratic Services		
<b>Report author and contact details:</b>	Ken France Contracts & Commercials Manager <a href="mailto:Kenneth.france@nottinghamcity.gov.uk">Kenneth.france@nottinghamcity.gov.uk</a> Tel: 0115 8765886		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision: £8.75m</b>			
<b>Wards affected: City-wide</b>		<b>Date of consultation with Portfolio Holder(s): 07/01/2020</b>	
<b>Relevant Council Plan Key Theme:</b>			
Nottingham People			<input type="checkbox"/>
Living in Nottingham			<input type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The Executive Board paper dated 2<sup>nd</sup> November 2015, outlined Building Services' new strategic direction regarding its procurement requirements. Working in conjunction with the Procurement Team, Building Services &amp; Facilities Management (FM) created a programme of procurement solutions, including insourcing of appropriate activity and reviewing external contracts. The result of this analysis led to the reduction in the number of contracts required going forward and realised significant savings and insourcing opportunities including the use of Nottingham City Homes (NCH).</p> <p>This report sets out Building Services &amp; FM's annual procurement requirements for planned and reactive maintenance requirements for 2020-2021.</p>			
<b>Exempt information:</b>			
<b>State 'None' or complete the following.</b>			
None.			
<b>Recommendation(s):</b>			
<b>1</b> To continue the Council's strategic approach to its reactive and planned maintenance function as set out in this report, both internally and externally.			
<b>2</b> To seek dispensation to financial regulation 3.29 in accordance with contract procedure rule 5.1.2 to make a direct award Nottingham City Homes for the sum of £1.2m for 2020/21 period as set out in appendix 1.			
<b>3</b> To approve the annual procurement plan for 2020/2021 as set out in appendix 2			

<b>4</b>	To approve external spend of £8.750m as set out in <b>Table 1</b> and <b>Appendix 2</b> .
<b>5</b>	To approve a maximum external spend associated with commissioning maintenance for schools of c. £2.4m as per paragraph 4.2.
<b>6</b>	To delegate authority to the Head of Building Services in conjunction with the Head of Procurement to approve the outcome of the procurement processes and award contract/s to the provider/s in accordance with the award criteria set out in the tender documentation and proven to deliver best value for the Council.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Due to multiple contracts coming to the end of their term in March 2020 Nottingham City Council, Building Services team have to procure replacements. This enables the Building Services team to keep Nottingham City Council's portfolio of assets compliant with multiple statutory, regulatory and legislative obligations (Appendix 2), for its portfolio of assets which serve a diverse mixture of citizens in Nottingham.
- 1.2 This report sets out proposals for delivering further savings on externally procured and insourced services (Appendix 1 & 2) to alleviate financial pressures within the Council.
- 1.3 To improve efficiency and value for money in the services we commission. This annual procurement plan is the optimal approach in managing our costs.
- 1.4 To ensure a high level of customer satisfaction with our services, as evidenced by feedback from internal stakeholders.
- 1.5 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.
- 1.6 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.

## **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 £220K for 2018-20 period. In addition to our restructuring, we have insourced legionella hot and cold water services, asbestos auditing within our programme, which brings our annual insourcing spend to £2.4m per annum. 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, which will remove statutory, regulatory and legislative compliancy across Nottingham City Council's 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 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 Council's various directorates to purchase individually the services as they require to ensure compliancy across the assets they are responsible for. This will result in a more expensive, less compliant and less reliable service. It would also be more bureaucratic, with less ownership and accountability. This is a politically sensitive area which is likely to give rise to public challenge if citizen safety is compromised especially with such a high profile enquiry ongoing (Grenfell). This option has been rejected.

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

- 4.1 The spend schedule of £8.75m includes both one year procurement spend cycle and a four year procurement spend cycle. Procurement have identified several specialist areas that will benefit from a four year cycle as opposed to their current standard one year proposal, this is detailed in **Table 1** below:

<b>TABLE 1: ANALYSIS OF SPEND</b>	
	<b>£m</b>
Annual Specialist works Out sourced - (£3.9m / 4 years = £0.975m)	0.975
Direct Award NCH Minor Works & Reactive Maintenance	1.113
Forward Planned Maintenance Projects	3.730
<b>Total Expected Annual Spend Year 1</b>	<b>5.819</b>
Residual - Year 2,3 & 4 Specialist Works Out sourced	2.925
<b>Total Schedule of proposed spend Years 1-4</b>	<b>8.750</b>

- 4.2 The maintenance schedule covers both Planned & Reactive works across multi sites and assets within NCC which has an annual budget in the Medium Term Financial Plan of £7.064m; **Table 2** shows this breakdown:

<b>TABLE 2: BUDGET DETAIL</b>	
	<b>£m</b>
Planned Maintenance	3.452
Reactive maintenance – held within Facilities & Building Services	0.213
Reactive maintenance – held within other departments	3.398
<b>Total Budget</b>	<b>7.064</b>

In addition to this the service will also commission and charge schools for maintenance of c. £2.403m. Therefore the total commissioned activity could equal £9.467m per annum.

The difference between the budget of £7.094m and contractual approval for year 1 of £5.819m is £1.275m; this element will be delivered by the in sourced service as per **Appendix 1**.

**As with externally procured services any in sourced service is also required to demonstrate value for money. It is recommended that this is captured as part of the Make or Buy Big Ticket during 2020/21.**

- 4.3 Procurement of maintenance works should adhere to a compliant procurement process ensuring a flexible and responsive offer throughout the supply chain, with an emphasis on value for money, lead times and quality of service.
- 4.4 By accessing this procurement route there should be no fixed up-front fee offered to any identified contractors.
- 4.5 The authorisation of this schedule of spend does not guarantee any value to successful contractors, therefore the Council is not committed to any expenditure at this point until a compliant procurement route has been sought;
- 4.6 All necessary checks should be made when accessing the framework to ensure that the services being procured are CIS Compliant and that the companies are financially stable.
- 4.7 **Chief Finance Officers Observations on Dispensation**  
Dispensation from financial regulations 3.29 and contract procedure rule 5.1.2 is supported in this instance for operational reasons.

Meagan Milic –Commercial Finance Business Partner Date 30/01/2020

## **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 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) Date 14/01/20.

Dispensation from financial regulation 3.29 has been agreed by the Chief Finance Officer in consultation with the Portfolio Holder with responsibility for finance on 30/01/2020, in accordance with contract procedure rule 5.1.2, in order to make a direct award to Nottingham City Homes for the sum of £1.2m for 2020/21.

Ken France – Contracts & Commercial Manager 30/01/2020.

- 5.2 There are no significant legal issues arising from this report. Legal support will be provided throughout the procurement process and to ensure that appropriate contractual arrangements are put in place with any contractor.

Naomi Vass – Senior Solicitor, Commercial, Employment and Education 21/01/20

## **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)**

- 6.1 **Not applicable**

## **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 provide where possible, 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 3, 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 - 2020-21 Planned Maintenance Strategy
- Appendix 2 - 2020-21 Building Services & FM Procurement Timeline
- Appendix 3 - Equality Impact Assessment