

Report to: Cabinet
Date of meeting: 2nd December 2013
Report of: Ian Browne Head Of Facilities Management, Democracy & Governance Service
Title: Compliance & Maintenance Framework Contract 2014

PART A REPORT

1.0 SUMMARY

- 1.1 *This report details the new strategic vision for the provision of Statutory Compliance & Maintenance tests and inspections to the Authority's operational portfolio in recognition of the recent changes to the structure of the Council as a whole.*
- 1.2 *The Head of Facilities Management is currently engaged in a partnership procurement process with five other neighbouring authorities to procure a sole service provider under a framework contract. The intention of this process being to rationalise the numerous contracts the authority has with individual suppliers into one contract with a single supplier. By entering into a partnership framework the secondary objective is to provide financial savings through the economies of scale.*
- 1.3 *The procurement process commenced in January 2013 with the submission of a Project Initiation Document to Leadership that was approved. This report included an equality assessment that concluded that although the service being procured would be of benefit to the public users of facilities it does not have any direct interaction with those users and therefore a full public equality assessment was not required.*
- 1.4 *Over the period of the last ten months the partnership has engaged in a full OJEU procurement process. Adverts were placed interested applicants were evaluated through P.Q.Q. and subsequently invited to tender. As at 26th September 2013 the Partnership had produced the necessary documentation to go out to competitive tender. Those documents have now been made available and are due for return on 22nd October 2013. A bidders day took place on 26th September 2013 and of the 9 Contractors selected from the PQQ process to proceed to the tender stage 6 were in attendance. It was subsequently confirmed that the remaining three parties have withdrawn from the project. It is likely that all six will submit a bid giving the partnership a substantial evaluation data set. This is therefore likely to provide a very sound basis for procuring a supplier to deliver a quality product.*
- 1.5 *On completion of the received bid analysis it is intended that any successful supplier/s will be interviewed on 14th & 15th November 2013. Announcement of the successful Tender will then be made on 23rd December 2013. The Framework Commencement Date will be 1st April 2014. Although as a framework the actual commencement date for Watford is flexible to meet the requirements of the current service.*
- 1.6 *The contract Period will run for a maximum of four years with an option to extend a further four years subject to satisfactory performance.*
- 1.7 *The contract allows Watford Borough Council to increase or decrease the number of*

properties and or services required with adequate notice. This allows for flexibility and recognises the period of change that we are currently experiencing within the Authority Structurally and Financially.

- 1.8 *There have been no indicated TUPE implications from existing suppliers to WBC*
- 1.9 *There are no TUPE implications for WBC staff*
- 1.10 *It is possible that savings through the economies of scale can be made. However the scope of the service being required is in excess of that currently provided so this may offset against these otherwise realisable financial benefits.*
- 1.11 *Using historical data, an indicative value for the Authority contract has been inserted into the I.T.T.
Statutory Compliance £100k
Maintenance £200k
This equates to a potential £1.2M over the whole life of the contract.*
- The Authority Currently has a budget for the above services as follows.
Statutory Compliance £132k
Maintenance £285k*
- The potential for any savings therefore lies within these parameters subject to item 1.10 above.*

2.0 **RECOMMENDATIONS**

- 2.1 *That Cabinet approve the continued participation of the Authority in this Partnership to it's conclusion.*
- 2.2 *That the Head Of Democracy & Governance be awarded delegated authority to approve the appointment of a successful contractor to provide this service subject to the best value criteria as laid out in the Tender.*

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Report approved by: Carol Chen, Head of Democracy & Governance

3.0 **DETAILED PROPOSAL**

3.1 To Procure a sole service provider for the Statutory Tests And Inspections Required under Health & Safety Legislation to ensure that the Operational Assets owned by Watford Borough Council are fully compliant. To also procure an additional maintenance service to ensure that minor repairs and maintenance items are dealt within a timely and efficient manner.

3.2 *The **Compliance service** provided will deliver the following statutory Tests and Inspections on behalf of the Authority.*

- Gas boiler servicing
- Fire alarm servicing
- Water Hygiene servicing
- Maintenance of fire fighting equipment
- Servicing of emergency lighting
- Maintenance of fire escape routes and signage
- Portable electrical appliance testing
- Fixed installation electrical testing
- Asbestos monitoring
- Water tightness inspections
- Slips and trips inspections
- Gutter clearance and repair
- Utility meter reading

3.3 The **Maintenance Service** regime shall provide a planned and reactive maintenance service for the assets within the buildings not covered by the **Compliance Service** as set out in the tender document at **4.2.2**. As well as **Minor Maintenance** it will also cover minor alterations and improvements to any element within a building.

Examples of the type of alteration and minor improvement works which could be carried out through this service include:

- Electrical alterations like providing additional socket outlets or light points.
- Fire alarm alterations to provide additional detection or activation devices.
- Installing additional portable fire fighting equipment
- Repairs to windows and doors including repairs or replacing ironmongery and locks
- Repairs and replacement of small ventilation fans.
- Repairs to floors, ceilings and walls.
- Minor decorating work to woodwork, ceilings and walls.
- Plumbing works to provide additional sanitary fittings and fixtures.
- Minor roof repairs.
- Boarding up and reglazing windows, roof lights, and doors.

This list is a general guide to the type and scope of the works which will be covered by the **Maintenance Service**. This work will be commissioned by way of individual orders which will use the clients' provisional allowances for labour and material and the **Maintenance Service** day work schedule as the basis of the Task Price.

3.4 Compliance Reporting

It is the intention that determining compliance of premises of assets is to be facilitated by the use of single entry ICT systems that are available to all and contain 'live' readily updated data on the services carried out and Tasks required. Implementation of such a system shall be programmed in to the contractor's service delivery programme.

A compliance schedule shall be developed for the contract by the contractor with the aim of recording;

- Last service dates of assets and systems
- Non compliant assets and systems
- Assets and systems with outstanding services

This shall be achieved in developing a 'traffic light' indicator as described within the term Brief. i.e. Highlighted,
Green = Compliant,
Yellow = Inspection Due but Compliant,
Red = Overdue Non Compliant.

4.0 **IMPLICATIONS**

Possible implications are listed below. Paragraphs 4.1 and 4.2 must be completed in all cases. Paragraph 4.3 must be completed if the report relates to a new policy. Those paragraphs which are not appropriate can be deleted.

4.1 **Financial**

Direct Savings

The main objective of the procurement exercise is to provide full compliance of the operational assets. There is opportunity through the framework to provide direct financial savings to the Authority as a result of the economies of scale however this will be dependant on a number of factors that affect the potential as follows.

- The scope of works required by the successful contractor is of a higher standard than at present.
- The scope of works also includes a number of tasks currently undelivered due to lack of resources.
- The cost implications of these additional service will not be known until the return of tender deadline of 22nd October 2013.

Indirect Savings "Volume Discount".

As the number of contracts called off under the framework increases, there is very good opportunity for the operating costs to reduce due to 'economies of scale'.

In order to share this with the existing clients as well as the new ones, the tender includes a mechanism to identify a volume discount which will be applied at various trigger points based upon total turnover of the framework.

As well as being a fair approach to sharing efficiency saving between the contractor and the clients, it will also give everyone a mutual interest in the ongoing growth and success of the framework and this will promote the ethos of collaboration and partnering.

The trigger points are based upon the estimated 'total framework order value' of the contracts let under the framework, over the total length of the contracts.

E.G. 6 contracts valued at £200k for 4 years = £4.8m (Total framework order value)

Trigger points £10m, £15m, etc (in £5m segments) to £40m

The volume discount will be credited annually at the end of the agreed financial period in which it was generated, to all the clients who have current contracts called off from the framework. clients in the process of terminating their contract prior to the stated term

completion, will not receive a volume discount for that period and any ongoing discount will only take account of the actual turn over of that contract.

Sharing of Set Up Costs

Future clients accessing the framework will be required to share the procurement and management costs incurred by the Founding Authorities in procuring this framework.

Therefore, the rates for all future call off contracts shall include a small fee to cover this cost.

The fee (which shall be charged and disclosed by the contractor) will be calculated at 0.25% of the annual gross turnover up to a maximum for any single contract in any one year of £5000 (five thousand pounds)

The fee will not be charged to the initial call off contracts and it will be reimbursed via a credit back to Stevenage Borough Council as the Lead Authority who will administer it on behalf of all the initial clients.

- 4.1.1 The Head of Strategic Finance (Shared Director of Finance w.e.f 1st August 2013) comments that there are no financial implications to the recommendations of this report.

4.2 **Legal Issues** (Monitoring Officer)

In the event that the Authority does not enter into a successful contract under this Partnership the risk exposure is currently minimal.

The buildings & Projects Section at present manage all statutory Compliance requirements under a series of individual contracts with single service suppliers.

It should be noted however that due to the restructuring of the Authority a number of professional posts have been deleted from this section and there is increased likelihood that not all contracts would be renewed on time in the event of further staffing cuts, sickness absence etc. In the event of non compliance the Authority could face prosecution by the Health & Safety Executive resulting in a fine or imprisonment dependant on circumstance.

This is therefore an opportunity to build in resilience to the legally required testing and inspection regime thus avoiding such exposure.

- 4.2.1 The Head of Democracy and Governance comments that..... ***Legal comments to be inserted here.***
(NB This will take account of Human Rights issues as appropriate.)

4.3 **Equalities**

Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions

- *The new duty under the 2010 Act requires analysis of the effect of policies and practices on how they further equality aims. The change in terminology from 'impact assessment' to 'analysis of the effects' is intended to focus more attention on quality of analysis and how it is used in decision-making, and less on the production of a document.*

- *The guidance states that we need to analyse potential effect on equality when we start to develop or review a policy and continue throughout, informing policy design and final decision-making. The Council cannot satisfy the Equality Duty by justifying a decision after it has been taken.*
- *Protected characteristics are:*
 - *Age*
 - *Disability*
 - *Gender reassignment*
 - *Pregnancy or maternity*
 - *Race*
 - *Religion or belief*
 - *Sex*
 - *Sexual orientation*
 - *Marriage or civil partnership (only in respect of the requirement to have due regard to the need to eliminate discrimination)*
- *Details of the analysis including monitoring information, information about the effect on people with different protected characteristics and any engagement/consultation you have carried out and the outcome should be referred to in the report. It is not, however, necessary to attach the full equality analysis but it should be available for inspection if required.*
- ***If a report is about a new policy or a reviewed policy it should not be submitted until an EIA has been produced.***

Although not a policy, this tender recognises the Duty as an employer under the Equality Act 2010.

The procurement process required Interested Parties at PQQ stage to submit and attest to information detailing their commitment to comply with the above Act. This information was evaluated and scored within the assessment criteria of the bidding process.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
<i>Contractor Not Appointed</i>	1	5	5
<i>Savings Not Achieved</i>	3	3	9
<i>Costs increased</i>	2	5	10
<i>Compliance Not Maintained</i>	3	5	15
<i>Repairs Service Not delivered</i>	1	4	4
<i>Buildings have to be closed.</i>	1	5	5
<i>Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.</i>			

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- 4.5 **Staffing**
 - 4.5.1 Current staffing provisions require the remaining two surveyors in the team to procure through the tender process all contracts for compliance on an individual basis. The appointment of a sole supplier under the framework reduces this burden to one tender over a four year period. The benefits therefore being that professional service staff can focus their attentions on providing project delivery to the physical assets and deliver the Building Investment Strategy/Programme. The Compliance Contract requires that all administrative tasks are delivered by the supplier excepting the allocation of additional repairs which will be managed by an internal officer currently engaged in this process.
 - 4.6 **Accommodation**
 - 4.6.1 Through Partnership Working it is anticipated that any successful bidder may require operational space in order to deliver a collaborative approach to the service delivery. The recent restructuring of the Buildings & Projects Section has availed a number of spare desks/office space within the section which could be offered for use under the Partnership. There are no significant financial implications in providing this spare capacity.
 - 4.7 **Community Safety**
 - 4.7.1 There are no community safety issues relating to this contract.
 - 4.8 **Sustainability**
 - 4.8.1 Sustainability has been incorporated into the Tender Document. Contractors will be assessed on their ability to provide the services in a sustainable manner that does not compromise the quality of delivery.
 - 5.0 **Decision**
 - 5.1 The following decision is required.

To approve the report and the recommendations

Appendices

Appendix 1..... Equality Assessment

Background Papers

- *Project Initiation Document*

File Reference

- *Compliance & Maintenance Framework 2014*

