

CABINET REPORT 2nd December 2013

Appendix 1

PUBLIC SERVICES (SOCIAL VALUE) ACT 2012

ASSESSMENT OF the PROPOSED FRAMEWORK for the BUILDINGS COMPLIANCE CONTRACT 2014

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1. INTRODUCTION

The Buildings Compliance Framework 2014 is a joint framework initiative involving the following Hertfordshire District Councils (listed below), with scope for additional Council's to participate:

- Watford Borough Council
- Stevenage Borough Council
- North Hertfordshire District Council
- Broxbourne Borough Council
- Hertsmere Borough Council
- East Hertfordshire District Council

The councils have a shared vision to refocus the delivery of their building maintenance service for non-housing properties and deliver by ensuring statutory compliance as a primary goal and to use the rigor and opportunities of compliance to provide an efficient building maintenance service.

The vision involves moving away from a process of continual procurement to one that is centred on service delivery, quality, and continual efficiency improvements through a long term partnership with one service provider that will develop over the period of the contract. A true partnering arrangement.

The councils believe that the partnering approach is the best mechanism for realising relevant and proportionate social value from their activities in providing this service.

2. THE ACT

The Public Services (Social Value) Act 2012 requires that contracting authorities should consider not only how to improve the economic, social and environmental well-being of the area served by them through the procurement, but also how to undertake the process of procurement with a view to securing that improvement and measuring it during the life of the contract. The Act requires the councils to take account of the following considerations at the pre-procurement stage:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and*
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement¹*

And also whether to undertake a consultation on these matters.

The relevant area in this context is the region that will be covered by the Framework (currently East of England – to be confirmed):

3. REPORT METHODOLOGY

¹ Paragraph (3). Public Services (Social Value) Act 2012

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The methodology used in the production of this assessment is based on guidance published in Procurement Policy Information Note 10/12 – the Public Services (Social Value) Act 2012 – advice for commissioners and procurers. It also draws on discussions at project team meetings and the training of key officers in this new procurement duty.

4. CONSIDERATIONS

As set out in 2 above, there are three main areas which need to be considered **prior to** commencing the procurement process to ensure that the requirements of the Act are followed:

Economic

For example:

- Generation of Savings for the Public Purse
- Boosting the local economy
- Innovation
- Skills training

Environmental

For example:

- Controlled consumption
- Biodiversity
- Carbon Reduction
- Sustainability

Social

For example:

- Equality & Diversity
- Social Inclusion
- Fair and Ethical Trade

This assessment considers the impact of the whole and individual components of each of the areas listed above, where relevant, in terms of how the procurement may improve social, environmental and economic well being of the area, how improvements might be secured and whether there is a need to consult.

5. CONTRACT DETAILS AND DESCRIPTION

The building elements covered by the core of the Contract typically include the following:

Core Compliance Service

- Gas boiler servicing
- Water hygiene inspection and servicing
- Fire alarm servicing
- Maintenance of fire fighting equipment
- Servicing of Emergency Lighting

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- Maintenance of fire Escape routes & signage.
- Portable Electrical Appliance Testing
- Fixed Installation Electrical Testing
- Asbestos Monitoring
- Water Tightness inspections
- Unblocking drains (small scale)
- Slips and Trips inspections.

Planned and Reactive Building Maintenance Service (When Applicable)

- Minor building maintenance, including:
 - Gutter clearance
 - Small carpentry repairs
 - Minor plumbing servicing and repairs
 - Lamp replacement
 - Re glazing
 - Floor finish repairs
 - Minor roof repairs
 - Boarding Up and making safe.
- Minor Electrical Repairs
- Meter readings
- Servicing of Air Conditioning systems (Limited number of sites)
- Other minor general building work

The councils also wish to include a 24 Hour after hours call out service to deal with the occasional emergency such as flooding, boarding up and making safe.

Other Services

- Commercial Estate Facilities work such as, vacant building inspections and erecting and removing 'For Sale' signs.
- Asset data collection and condition survey services in relation to Compliance and Maintenance service provision.
 - (This service will form of a preliminary and 'pre-contract' optional service for new councils wishing to join the framework)
- Annual Landlord Compliance inspections of tenanted property.

6. SOCIAL VALUE ASSESSMENT

The form of delivery model that the councils believe will best deliver their vision is one which uses a *Dedicated Multi Skilled* workforce, *Directly Employed* by the service provider and able to maximise the service provided at every site visit. The councils refer to this as "*self delivery*".

The workforce would be consistent and so become familiar with the buildings and their occupants and be able to contribute to the effective development of the service through a real understanding of the individual sites. Strong management systems will ensure the workforce is properly trained and equipped and so can participate in building the knowledge of the assets and help to continually improve the service and asset condition.

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Minor repairs and defects generated through inspections and service visits would be rectified at the time of the inspection/discovery and processes developed to allow an immediate proactive approach to building maintenance within agreed guidelines.

The Compliance regime dictates regular visits to buildings and this will create the opportunity for adding value to the contract by rectifying defects that would otherwise be subject to a separate reactive site visit.

Partnering Approach

The councils believe that their vision of Compliance cannot be delivered in a culture that is driven by price alone. Consequently our service provider will need to demonstrate an empathy with the councils' vision and an ability to work with them to continuously improve and add value to the service.

They also believe that a proactive and intelligent service maintenance regime delivered through a long term partnering arrangement will ultimately deliver good social value outcomes and efficiency savings that could be translated into cost savings-but without loss of quality or compliance. In acknowledging this the councils want to establish a collaborative relationship with the service provider where future cost savings can be shared by all parties and where good social value outcomes are seen as mutually beneficial.

People

The councils know that their vision will not be deliverable without the commitment, skill and dedication of the people who do the servicing and repair work. Therefore the Service Provider will be expected to demonstrate, through their recruitment, training, staff development and retention processes, that they understand this.

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7. SOCIAL VALUE ASSESSMENT MATRIX

| ECONOMIC IMPACT | Positive | Negative | Neutral | REASON FOR DECISION | MEASURES NECESSARY TO ENSURE POSITIVE IMPACT |
|---|----------|----------|---------|--|--|
| Generation of savings for the public purse | ✓ | | | Implicit in the model is the concept of “value engineering” where, as shared knowledge of the assets grows, efficiencies - without compromising quality - become possible | Value engineering workshops with the service provider that can be opened up to all the authorities drawing the service from the Framework. |
| Boost to local economy | | | ✓ | There may be opportunities to work with the supplier on developing material supply chains within the relevant area, but these cannot be prescribed at the procurement stage. This will be gained through an appreciation of the service provider's supply chain arrangements during the contract term. | |
| Innovation | ✓ | | | For the model to be effective, investment in appropriate IT (even “cloud” based) systems are key and are positively encouraged | Incentives within the cost model that reward the early implementation of these systems |
| Skills training | ✓ | | | The model features “multi skilling” and the reduced reliance on sub-contracted labour. The model also recognises that quality and not cost should take priority in the selection of the service provider. This encourages, and provides capacity for, the application of new skills for both existing and new staff. | Incentives within the cost model that reward the level of multi-skilling achieved and strict conditions around the use of sub contractors. |

| ENVIRONMENTAL IMPACT | Positive | Negative | Neutral | REASON FOR DECISION | MEASURES NECESSARY TO ENSURE POSITIVE IMPACT |
|-------------------------------|----------|----------|---------|---|---|
| Controlled consumption | ✓ | | | The regular service visits will also capture energy and water consumption data from meter readings. Something that ordinarily does not happen, placing reliance on estimated readings from utilities. | Accurate information on energy and water consumption will be available to all the councils sufficient for them to take further control measures if necessary. The service provider will be well equipped to carry out many of these measures on instruction through the provisional element of the contract |
| Biodiversity | | | ✓ | Not applicable to this contract | |
| Carbon reduction | ✓ | | | Regular, high quality servicing of the assets ensures they run at optimum efficiency for their age and type. Implicit in the model is the regular regime of service | Key Performance Indicators monitoring the service visits and aggregate vehicle mileage. |

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| ENVIRONMENTAL IMPACT | Positive | Negative | Neutral | REASON FOR DECISION | MEASURES NECESSARY TO ENSURE POSITIVE IMPACT |
|-----------------------|----------|----------|---------|---|--|
| | | | | visits at pre-determined intervals with the maximum number of tasks being carried out at each visit. The model therefore allows for the optimum planning for vehicle fleet logistics in the relevant area. | |
| Sustainability | ✓ | | | As well as the consumption and greenhouse gas reductions above, part of the qualitative assessment of tenders will include a sustainability segment, inviting other proposals that will provide positive outcomes in this regard. | All proposals accepted as part of the successful tenderers submission will be enshrined in the contracted service. |

| SOCIAL IMPACT | Positive | Negative | Neutral | REASON FOR DECISION | MEASURES NECESSARY TO ENSURE POSITIVE IMPACT |
|---------------------------------|----------|----------|---------|--|---|
| Equality & Diversity | | | ✓ | Equalities is enshrined in law and all shortlisted candidates will be assessed on the robustness of their equalities policies | |
| Social Inclusion | ✓ | | | The model, and the compliance service arising, is designed in such a way that it is transferable to other organisations that may become tenants of the councils, or to whom the assets may transfer in the future. This is a positive feature for voluntary or third sector groups that represent and support people with protected characteristics. In taking a tenancy or transfer they can be re-assured that a cost effective compliance service from a pre-selected service provider will be available to them. | To make the service available to supported organisations that use, or may take over the running of, council assets from time to time. |
| Fair & ethical trade | | | ✓ | Not applicable to this contract | |
| Apprenticeships | ✓ | | | The model recognises that quality and not cost should take priority in the selection of the service provider. This encourages, and provides capacity for the deployment of apprenticeship schemes. | Collaboration on the deployment of apprenticeships. For example, one of the partner councils has recently accessed funding for employing some of its own apprentices. (There is no reason why future funding could not be jointly accessed by the councils and the service provider). |

8. CONSULTATION

The Act also places a requirement on commissioners to consider whether they should consult on the economic, environmental and social benefits of the potential procurement before the process starts.

It is clear from the contract and the vision that the Buildings Compliance service is ultimately for the benefit of building users but is not delivered directly to them. Rather it is delivered directly to the councils in their capacity as building owners, or to supported or voluntary organisations that use their buildings.

The councils have a duty to ensure that the public and/or groups using the buildings in the course of their day are not put at risk. But the users do not have direct inter-action with the service provider. In fact, the goal is to procure a service that is essentially invisible to the building users. On these grounds, it has been decided that consultation would not add any value to the procurement or the design of the service.

9. MONITORING

Once a contract has been awarded it is necessary to ensure that there are mechanisms in place to record the achievement of the social value benefits required in the tender.

These are broadly as set out in the Social Value Assessment above.

10. GUIDANCE NOTES

- Procurement Policy Note – The Public Services (Social Value) Act 2012 – advice for commissioners and procurers. Information Note 10/12 – 20 December 2013

11. REPORTS AND OTHER PAPERS

- Memorandum of Understanding subsequently signed up to by the procuring councils which *does* make reference to “positive social value and sustainability outcomes” as one of the service objectives.