

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 07 March 2023

<b>TITLE</b>	<b>Hard FM Contract Extension</b>		
<b>Ward(s)</b>	Citywide		
<b>Author:</b> David Martin	<b>Job title:</b> Head of Corporate Landlord		
<b>Cabinet lead:</b> Councillor Craig Cheney, Deputy Mayor - Finance, Governance and Performance	<b>Executive Director lead:</b> Stephen Peacock, Executive Director Growth and Regeneration		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>  To seek approval to extend the Repair and Maintenance contract for up to 12 months to continue to deliver statutory health and safety obligations and implement a new strategic approach for this activity which covers all repair and maintenance for Bristol City Council (with the exclusion of the HRA) from May 2024.			
<b>Evidence Base:</b>  <ol style="list-style-type: none"> <li>1. The provision of Mechanical, Electrical and Building Fabric maintenance is covered by a contract which had a 3 year initial term with effect 1 May 2019 and an option to extend by a further 24 months. The first 12 months of this extension will come to an end in April 2023. This contract currently covers circa 350 corporate properties.</li> <li>2. Mechanical works relate mostly to the maintenance of heating and plumbing systems, Electrical works involve maintenance of electrical systems and an example of Building Fabric works could be interior wall repairs or maintenance of flooring surfaces.</li> <li>3. The proposed extension of 12 months will allow us to continue to deliver these essential statutory works from May 23. We are in the process of mapping out a new approach to this activity, linked to the introduction of the Corporate Landlord Model.</li> <li>4. The Contract Management function for this strategic contract will be moving to the Strategic Supplier Relations team during 2023.</li> <li>5. The approval to extend will limit risk to the council and its service users and ensuring statutory compliance activities are implemented during our transition period to the Corporate Landlord.</li> <li>6. Although total contract spend is higher than expected per annum, this is due to increased sites being covered by the contract, as we continue to adopt a more centralised approach to repair and maintenance in the corporate estate.</li> <li>7. Furthermore, other departments and services have been able to procure services from this existing agreement, which were not included in the original contract award.</li> </ol>			

8. £2,692,000 spend has also been added to the contract since the award in 2019 through the following urgent elements being added to the contract. These include:
  - Fire Risk Assessments, Legionella, Lift Auto diallers and SIM cards, Covid works for temp mortuaries and furthermore, other departments (Car Parking, VPRS, Energy, Trading with Schools, Bottle Yard, Docks and Housing) have access to spend on the contract.
9. The extension will allow for us to avoid a significant cost for the 12-month period as the original contract was based on scheduled rates at the point of award. These figures have increased by 25 to 30 per cent meaning that the PPM Schedule as set in the current arrangement for the 350 buildings would see an increase of approximately 200k with a new provider. So therefore, the decision to extend will effectively save us this increased rate. We also avoid the costs of procurement in the next financial year.
10. This area of activity has seen significant labour and material cost increases in the past few years which we need to be mindful of when we procure a new approach.
11. As we continue to move all BCC estate properties under the Corporate Landlords jurisdiction we need to be aware that more spend will flow through this contract for the 12 months extension. But there will be a reduction in the estate as a whole so this may balance out.
12. In order to introduce tighter control of R and M spend across the authority we must centralise the funds so it can be controlled. We will be implementing a triage system process which will enable the Corporate Landlord to approve any works on BCC estate (with the exclusion only of the HRA and any other Ring-fenced accounts). This will involve the support of procurement in relation to raising requisitions for this activity.

**Cabinet Member / Officer Recommendations:**

That cabinet:

1. Authorises the Executive Director Growth and Regeneration in consultation with the Deputy Mayor - Finance, Governance and Performance to take all steps required to exercise the option to extend the Repair and Maintenance contract for a further 12 months, not exceeding relevant approved revenue and capital budgets, as outlined in this report

**Corporate Strategy alignment:**

Contributes to safer working environments and wellbeing for citizens, colleagues and service users of our buildings.

**City Benefits:**

The Authority owns and occupies a large number of buildings used to deliver its services. We have a statutory duty to maintain and service the mechanical and electrical assets in these buildings. It is crucial we meet our legal obligation to maintain all assets to allow colleagues, partners and building users to operate in a safe and secure environment.

We also provide a service to numerous schools across the city. This ensures these schools are fulfilling their statutory duties and operating in a safe manner.

**Consultation Details:**

DMT- 10 November 2022

EDM- 25 January 2023

CMB - 13 February 2023

**Background Documents:** Previous Cabinet Papers –

Decision Pathway Report 4 September 2018 – [Cabinet Report Facilities Management Hard Services 15.8.18.pdf \(bristol.gov.uk\)](#)

Decision Pathway Report 18 January 2022 - [Repair and Maintenance Contract Extension Version 8.pdf \(bristol.gov.uk\)](#)

<b>Revenue Cost</b>		<b>Source of Revenue Funding</b>	Various internal Cost Centres plus external
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	Total - £5,761,000		funding from Schools for the Indemnity Scheme, currently £1,032,718 for 22/23.
<b>Capital Cost</b>	£300,000	<b>Source of Capital Funding</b>	
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

- 1. Finance Advice:** This report requests approval to extend a current 3 year + 1 Repair and Maintenance contract for a 5<sup>th</sup> year in order to allow the service more time and opportunity to transition to the Corporate Landlord model.
- 2.** The terms of the initial contract allow for this extension. Repairs and Maintenance activity arises across BCC as both Revenue and Capital expenditure and due to rationalisation of the supplier base in recent years this contract is estimated now to equate to between £3.3m and £5.8m p.a when adding various adhoc/urgent work like Fire Risk Assessments, Legionella, Lift Auto diallers and SIM cards, Covid works for temp mortuaries etc.
- 3.** The Actual spend will not however exceed relevant approved Revenue and Capital budgets, as a result, Officer must ensure that funding is always identified ahead of any procurement, urgent, emergency or otherwise. The remains the responsibility of the budget manager to ascertain this position.
- 4.** The Centralisation of such budgets in 2023 will take account of both what is deemed to be recurrent and one-off adhoc spend funded from contingency etc.

**Finance Business Partner:** Kayode Olagundoye, Interim Finance Business Partner, Growth & Regeneration, 6 February 2023.

**2. Legal Advice:** The extension will be compliant with the Public Contract Regulations 2015 if it has been provided for in the initial procurement documents as an explicit right to extend and nothing is changing which would alter the overall nature of the contract.

**Legal Team Leader:** Husinara Jones, Team Manager/Solicitor 7 February 2023

**3. Implications on IT:** I can see no implications on IT in regards to this activity.

**IT Team Leader:** Gavin Arbuckle – Head of Service Improvement and Performance 7 February 2023

**4. HR Advice:** Where functions move within the Council as a consequence of centralisation of budgets and/or responsibilities, impacts on staff will be managed in line with the Managing Change Policy. Where there is a service provision change to an external provider or between external providers or a service is in-sourced, it is assumed that TUPE will apply in relation to staff in scope.

**HR Partner:** James Brereton, Head of Human Resources 9 February 2023

<b>EDM Sign-off</b>	Stephen Peacock, Executive Director Growth and Regeneration	25 January 2023
<b>Cabinet Member sign-off</b>	Cllr Cheney; Deputy Mayor - Finance, Governance and Performance	30 January 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	6 February 2023

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>NO</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>

<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>