

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 06 February 2024

TITLE	Hard FM Contract Extension, re-procurement and Capital H and S Programme		
Ward(s)	Citywide		
Author: David Martin	Job title: Head of Corporate Landlord		
Cabinet lead: Councillor Craig Cheney, Deputy Mayor - Finance, Governance and Performance	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report:			
<ol style="list-style-type: none"> To seek approval to procure and award a new contract for the Repair and Maintenance contract and to secure continued RandM services for up to 12 months, (whilst the re-procurement process is undertaken) in order to continue to deliver statutory health and safety obligations. The new arrangements will enable the Corporate Landlord budget accountability for all repair and maintenance activity on behalf of the authority (with the exclusion of the HRA). To seek approval for the 2024/25 Health and Safety capital programme. 			
Evidence Base:			
Temporary arrangement with current supplier			
<ol style="list-style-type: none"> 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 came to an end in April 2023. This was extended up to the end of the original maximum term up to end of April 24. This contract currently covers circa 350 corporate properties. 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. Officers are exploring ways to continue to deliver services for 12 months post May 2024 to enable the continued delivery of these essential statutory works and allow time to undertake a robust procurement exercise, for which we have a live project to retender this work and activity. The Contract Management function for this strategic contract moved to the Strategic Supplier Relations team during 2023 and they are involved in a supporting the process in relation to this strategic contract. The approval for continued arrangements with current supplier will limit risk to the council and its service users and ensuring statutory compliance activities are implemented during our transition period to the new contract. 			

6. Other departments and services have been able to procure services from this existing agreement, which were not included in the original contract award. This has affected the spend profile, as more 'works' activity has been linked to the contract than was originally intended.
7. As of March 2023 £2,692,000 spend has also been added to the scope of the contract since the award in 2019 through the following urgent elements being added to. 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.
8. 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.

New Contract

9. We have a live project which is working toward the retendering of Hard FM to cover the wider estate. This is a significant exercise and we need time to ensure that we have a robust process which yields the best outcome for the authority. This project is part of the property programme and being project managed by the PMO.
10. We have undertaken options analysis for delivery and undertaken soft market testing which has helped shape our approach to the procurement.
11. The new contract will also seek to include delivery of the H and S programme of capital works, to help increase efficiency and speed of delivery.
12. Value of the new contract is likely to be circa £8m per annum. This is based on analysis of R and M spend by our financial strategic partner with estimated efficiencies taken off, based on in depth analysis of spend for currently non centralised sites.
13. The performance of the contract will be managed with relevant KPIs in accordance with strategic contracts.

Health and Safety Capital Programme

14. This is a programme of essential building repair and maintenance work which ensures that our estate is safe and fit for purpose.
15. Appendix A details the sites which require work, and what type of work is needed and is constructed using 4 streams of information:
 - a) Statutory Obligations
 - b) Surveyor Activity across Bristol City Council (BCC) portfolio (on-going)
 - c) Condition Survey Data
 - d) Un sighted emergency Health and Safety work
16. A contribution from the Capital Programme is made to educational operational sites and BCC Primary schools.
17. The appendix details the different works that will be undertaken across the estate which covers the following areas;
 - Works required to fulfil legal and statutory obligations

- Works required to avoid possible litigation from statutory bodies
 - Works required to ensure acceptable Health and Safety Standards
 - Works required to ensure continued operation of buildings
18. Total including contingency is £6.003m works for 2024-2029
19. The works have been formulated using the information streams listed above a-d.
20. The formulation of the programme has been based on condition survey data for the estate as well as site inspections by Senior Building Surveyors, there has also been dialogue and engagement with various teams, including Health and Safety, Property, City Leap, Procurement, Senior leaders and the Mayor's office. This engagement exercise was cost neutral and involves input from key stakeholders.
21. The programme helps to increase the environmental performance of the estate by installing more efficient heating approaches and improving insulation to some sites through repairs to roofs, windows and doors. The programme helps support us moving toward a carbon neutral estate. The net environmental effects of the proposals are likely to be beneficial. These necessary works will generate greenhouse gas emissions and other impacts, but they are likely to be more effectively mitigated through working with Bristol City Leap and the tendering process impacts than with the current arrangements.
22. It is worth noting that the estate rationalisation programme may impact on some of the sites listed, the proposition is that any funds allocated to sites which are subsequently disposed of, would return to the contingency for reallocation to sites further down the priority list

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 procure and award a new Hard FM contract for an initial period of 5 years with the option to extend for 3 further periods of one year, up to the maximum budget envelope as outlined in this report.
2. Authorises the Executive Director Growth and Regeneration in consultation with the Deputy Mayor - Finance, Governance and Performance to take all steps required to secure the continuation of Repair and Maintenance services for up to 12 months whilst the re-procurement process is undertaken...
3. Authorises the Executive Director Growth and Regeneration in consultation with the Deputy Mayor - Finance, Governance and Performance to take all steps required to invoke any subsequent extensions/variations specifically defined in the contracts being awarded, up to the maximum budget envelope outlined in this report.
4. Approves the Capital programme of Health and Safety activity as set out in Appendix A (at an estimated cost of £2,060,000 and £319,000 for Education Lifecycle)
5. Authorises the Executive Director Growth and Regeneration in consultation with the Deputy Mayor - Finance, Governance and Performance to take all necessary steps to procure and award contracts to undertake the works set out in Appendix A.

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- August, September, October 2023

EDM - 6 December 2023

Cllr Cheney CMB - 11 December 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 \(bristol.gov.uk\)](#)

Revenue Cost	£44.5m	Source of Revenue Funding	Various internal Cost Centres plus external funding from Schools for the Indemnity Scheme
Capital Cost	5 year MTFP - £5,684,000, however, this includes the 24/25 request for £2,060,000, plus £319,000 for Education.	Source of Capital Funding	Prudential borrowing - £5,684,000 DfE Condition Grant - £319,000
One off cost <input type="checkbox"/> Ongoing cost <input checked="" type="checkbox"/>		Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/>	

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

1. Finance Advice: This report requests approval to extend the current contractual arrangements delivering repair and maintenance of the Council estate for a further 12 months while the service is re-procured. The current contract costs c. £3m in 2023-24. That includes £900k in planned preventative maintenance and £2.1m in reactive works but excludes any other repairs and maintenance ordered by other departments. The one-year extension of the contract will cost £2m in capital, c. £3m in revenue and a further £4m in revenue budgets to transfer to the Corporate Landlord model. We expect the £4m in budget transferred to Corporate Landlord to generate c. 35% in savings as a result of the greater efficiency of the Corporate Landlord model as compared to the currently disaggregated nature of the projects. The long-term contract is expected to cost c. £8 million per annum over a five year initial period with the option to extend for a maximum of a further three years. The costs of repairs and maintenance are thus remaining the same over the coming years reflecting the increasing properties being managed by the Corporate Landlord and inflationary pressures balanced by the increasing efficiencies of scale as we bring this work together.

Separately, the report requests approval to the Cabinet programme of Health and Safety works with costs of £2.379m (of which £319k in Education) in 2024-25. Appendix A lays out the work planned for 2024-25 with all projects appearing to be either statutory or required to prevent further costs downstream.

Finance Business Partner: Ben Hegarty, Finance Business Partner Growth and Regeneration, 24 January 2024.

2. Legal Advice: The procurement of the new contract and the arrangements for the continuation of existing services whilst this procurement process is undertaken, will need to have regard to the Public Contracts Regulations 2105 and the Council own procurement rules.

Legal Team Leader: Eric Andrews, Team Manager, Legal Services 29 January 2024

3. Implications on IT: In terms of the proposed extension by 12 months of the existing contract, there are no immediate IT implications although this does not address existing shortcomings.

In terms of the proposed re-procurement of a Hard FM contract for Repairs and Maintenance:
It is imperative that the procurement considers the issues and opportunities identified during the recent review of property systems and data and how this fits in as an element of the wider Corporate Landlord model.

IT Team Leader: Will Lewis, Solution Architect, 24 January 2024

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner, 23 January 2024

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	6 December 2023
Cabinet Member sign-off	CLr Cheney; Deputy Mayor - Finance, Governance and Performance	11 December 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	8 January 2024

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO