

Cabinet

07 April 2020

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration

Director Approving Submission of the report:

Director Property Services and Development

Ward(s) affected:

All

Title:

Procurement for Property Asset Management Framework

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses two or more electoral wards in the City.

Executive Summary:

Coventry City Council's Compliance and Surveying Team provide a property management service for Council buildings and schools as well as a number of external clients. The works mainly include repairs and maintenance with some property improvements and are undertaken on either a planned or reactive basis depending on the work required. The provision of these works has been via Term Contracts for a number of years.

As the existing term contracts are coming to an end, in order to deliver these works it is proposed to undertake a restricted tender process to set up a multi-lot, multi-supplier term contract for a period of 4 years. A term contract is an agreement whereby there is no guarantee of work. However, should there be a requirement for such work the term contractor will be approached.

The first placed supplier on each lot will be offered the work. The others will be approached if the first place is unable to undertake the work. Bringing all term contracts that are expiring at the same time under one umbrella, reduces the time taken to undertake the necessary procurement process for both the Council and relevant suppliers who may have interest in more than 1 of the contracts.

Recommendations:

Cabinet is requested to:

- 1) Authorise a procurement process to establish a set of multi-supplier term contracts for an original term of two (2) years with the option to extend by a further two (2) twelve (12) month periods for the provision of property maintenance, repairs and improvements ie a maximum contract length of 4 years in total;
- 2) Delegate authority to Director for Property Services and Development in consultation with the Cabinet Member for Jobs & Regeneration, to agree the award of the contract(s) following the Restricted tender process in conjunction with Procurement; and
- 3) Authorise the Council to enter in to Contract(s) with the successful suppliers for up to four (4) years.

List of Appendices included:

None

Background papers:

None

Other useful documents

Procurement Outline Document (POD) PROC2 – Permission to Procure – Property Asset Management (Term Contracts) Framework. This document is available by contacting the Procurement and Commissioning team on 02476 975 232 (option2) or via procurement.services@coventry.gov.uk.

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Procurement for Property Asset Management (Term Contracts) Framework

1. Context (or background)

- 1.1 Coventry City Council's Compliance and Surveying Team delivers a property maintenance repairs and improvement programme covering Council buildings, schools and other external buildings with a predicted spend of circa £8.45m per annum. This is carried out either via our own Repairs and Maintenance workforce or through the use of term contracts.
- 1.2 Capacity limits the ability of our own workforce to carry out all the works required. Their function is primarily reactive repairs. The school customer base requires much of the work to be carried out in school holidays which term contractors are able to undertake. This work also attracts fee income.
- 1.3 To enable the delivery of the programme the following works and services are provided by external contractors. The predicted annual spend is shown in brackets:
 - General Build (£3.00m per annum)
 - Decoration (£0.25m per annum)
 - Ceiling and Partitions (£0.40m per annum)
 - Flooring (£0.30m per annum)
 - Wet Areas (£0.75m per annum)
 - Roofing (£2.50m per annum)
 - Hard Surfacing (£0.75m per annum)
 - Fencing (£0.40m per annum)
 - Structural Surveying (£0.10m per annum)
- 1.4 All of the above term contracts were awarded between October 2017 and February 2018. Following authorised extensions following the initial two-year term, all term contracts will expire on 31 October 2020.
- 1.5 The Council has had a similar arrangement to that proposed within this report for the last 6-7 years and this has been deemed by the client to be successful.
- 1.6 As this will be a term services agreement, no guarantee of value or volume is offered. If funding decreases during the period of the agreement resulting in reduced works, there would be no negative impact as a result. It is estimated that the total contract value based on predicted usage will be in the region of £33.80m over 4 years.
- 1.7 Given the type and nature of these works there is a good local supply market that we would fully expect to apply to tender. Contractors are encouraged to register on our eTendering system, csw-jets. There are already a significant number of local suppliers registered on this system following previous tender exercises, and local suppliers will be actively encouraged to tender for the opportunity, with reactive repairs and associated response times/timescales a Key Performance Indicator.
- 1.8 A requirement of these contracts will be that the successful tenderers will use Council run services to support their work (e.g. skip hire, building control) where these are available.

2. Options considered and recommended proposal

- 2.1 The Council uses these term contracts for the works/services outlined in paragraph 1.3 above. The Council's workforce does not have the capacity to undertake these works, hence the existing contracts. It is likely that a large number of local suppliers will tender for this opportunity.

- 2.2 A review of National public sector frameworks offered e.g. ESPO, YPO and CCS have been reviewed and either specific frameworks for these services are not available, or not suitable owing to potential response times and frameworks not covering all services required.
- 2.3 A further option could be to utilise the Council's in-house team for delivery of these services. However, this is not felt to be the most suitable option as demand for services vary greatly. The in-house team is utilised where feasible, but this is dependent on their resource which is generally limited due to staffing levels, and which could not currently meet the demand the Council has for a sustained period. The in-house team is better placed to deal with planned maintenance rather and reactive repairs such as boiler safety checks. The market is utilised for bigger works and projects.
- 2.4 The option recommended is the option outlined in 2.2 above. As a result, a Council led set of term contracts are proposed. A Restricted tender process will be undertaken before the existing arrangements expire in October 2020. There will be 9 lots within the framework covering the existing term contracts.

3. Results of consultation undertaken

- 3.1 Consultation is not required as there are no changes proposed to the current operation which is tried and tested.

4. Timetable for implementing this decision

- 4.1 The current contracts expire on 31 October 2020. Subject to approval of this report, a restricted OJEU procurement process will commence in April 2020 to ensure that a new framework is in place prior to expiration of the current contracts, ready to commence from 01 November 2020. The framework will run for an initial two (2) years, with options to extend by a further two (2) twelve (12) month periods.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

This contract is a framework agreement and as such the estimated value outlined within this document is made up of a variety of potential spend relating to capital and revenue spend made by the City Council either in relation to its own building and repairs requirements, or those of external clients.

Of the total estimated annual spend of £8.45m, c£7.95m relates to the City Council's own service spend, for which approval has been or will be sought as part of the normal budget setting and approval process, with spend predominantly funded through Educational and Operational Capital Funded Projects – this is based on previous years spend and future planned projects. This is not therefore additional spend. Work undertaken for schools and external clients is recharged with a service charge added which contributes to the overheads of running the service.

5.2 Legal implications

The Council has an overriding statutory duty to ensure that all property assets are managed efficiently to secure best value in service delivery.

The Council, as a Contracting Authority, is required to follow the Public Contract Regulations 2015 when purchasing goods, services and works. This Contract covers both services and works and therefore the PCR's will be complied with in full.

6. Other implications

Any other specific implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The Council's operational portfolio, along with schools and commercially let property will be safe and fit for purpose. Providing attractive accommodation for children, adults and visitors, to an acquired standard and specified rate.

6.2 How is risk being managed?

The contract form for delivery of this works is under JCT Measured Term Contract which clearly sets out how contracts should be managed and how issues should be escalated. The contract will be managed by the Compliance and Surveying Team. Regular meetings with contractors will ensure active monitoring and management. Escalation of issues will be via the Council's Procurement and Commissioning Team.

6.3 What is the impact on the organisation?

As budgets are reduced while costs are rising there may be an impact in terms of a tangible reduction in the amount of works the Council will be able to undertake. It is key from an Asset Management stance that investment is maintained as far as possible and planned maintenance continues to be properly targeted.

6.4 Equality and Consultation Analysis (ECA)

The Supplier Selection Questionnaire (SSQ) asks distinct questions regarding unlawful discrimination and infers expected compliance as part of Coventry City Council's terms and conditions.

6.5 Implications for (or impact on) climate change and the environment

Contractors will be required to collect and dispose of general waste in an appropriate secure and environmentally preferable manner; this is to be provided directly by the Contractor or through collections by the relevant local authority or other reputable organisation that the supplier may contract with. Contractors will be expected to use the Council's Commercial Waste Section to achieve this.

In fulfilment of its statutory duty of care, Coventry City Council will require the Contractor to provide full information on the methods of disposal of waste, showing clear evidence of using disposal methods which are environmentally preferable.

6.6 Implications for partner organisations?

None

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