

Agenda Item 73.

TITLE	Extension to Term Maintenance Contract
FOR CONSIDERATION BY	The Executive on 29 October 2015
WARD	None Specific
DIRECTOR	Graham Ebers, Director of Finance and Resources
LEAD MEMBER	Philip Mirfin, Executive Member for Regeneration and Communities

OUTCOME / BENEFITS TO THE COMMUNITY

Strategic Benefits

It permits us to retain the availability and value of our operational estate (e.g. offices and schools) while increase the opportunities for saving costs and driving efficiencies. The extension to these existing arrangements will allow us to align our contracts with our neighbouring authority, Royal Borough of Windsor and Maidenhead (RBWM), as well as consider the relationship with similar arrangements for housing repairs. This will allow us to;

- Reduce the potential costs of procurement
- Benefit from economies of scale
- Support the impending Shared Service arrangements

Operational Benefits

The extension of the contract enables the Operational Property Service to continue to provide cost-effective repairs and maintenance while ensuring quality of outcomes for property users.

The additional time allows the contract to be reviewed and a new, more complete procurement arrangement put in place to drive out efficiencies across the proposed shared service in letting and managing one set of contractual arrangements and performance standards.

RECOMMENDATIONS

The Executive is asked to agree to the extension of the Term Maintenance Contract for no more than 12 months.

SUMMARY OF REPORT

The Term Maintenance Contract is at an end and having been extended once previously, now needs formal approval to be extended further. Given the impending Operational Property Shared Service with the Royal Borough of Windsor and Maidenhead (RBWM) it would be opportunistic to align these contracts and so benefit from;

- Economies of scale by letting contracts across both organisations
- Reduced resource requirements from letting, monitoring and managing a shared contract
- Improved efficiencies from managing one set of service deliverables and aligning processes

This would also provide time to consider links to arrangements in place for housing repairs and the disabled facilities grant.

The current contractual arrangements have been reviewed against other arrangements in Berkshire and continue to offer value for money, and so maintaining these arrangements would not financially disadvantage us.

Background

The Council has Term Maintenance Contract in place which is coming to an end and required re-tendered or extended.

The Term Maintenance Contract is provided through Contract Trading Service Ltd (CTS), and provides our response to reactive maintenance needs across our estate. This works through the provision of a schedule of rates, and a call off of work.

The contract was originally let in 2008 for 3 years, with a 3 year extension which has been taken up. This is due to come to an end in September 2015 and will roll on until agreement has been reached to extend the arrangement or to go to tender.

There is Corporate approval for a Shared Operational Property Service to be set up with our neighbour, RBWM, and work is currently being undertaken to implement this service in the current year. Part of this Shared Service will relate to the delivery of a repairs and maintenance service across the estates of both partners, and therefore it would be beneficial to align the contracts and let one overarching Term Contract.

In addition, the time allowed by extending the current agreement can permit further consideration of links to other arrangements in place for housing repairs, provided thought an agreement with Reading Borough Council, as well as the determination of the future impact of changes to the disabled facilities grant. It was for these reasons, the decision was made not to go out to tender earlier.

Analysis of Issues

Our Term Contract will end in September 2015 and will roll on until a decision is made. The related contract of RBWM will expire at the end of May 2016, and so it would be opportunistic to let a larger contract across both organisations and benefit from the economies of scale as well as efficiencies from monitoring and managing a single contract in addition to streamlined and aligned processes.

CTS have provided a reactive maintenance service for the Council for around 6 years and have proven to be pro-active and adaptive to our changing requirements. They have an extensive knowledge of the property portfolio and working practises, ensuring a rapid and effective response to maintenance requests. It would be challenging to find another short-term provider to match this.

Discussions with our Procurement Service have shown there would be little interest from new providers to undertake such a short contract, and that rates would likely be less favourable due to the requirements we would have. In addition, there would be direct costs and resource implications on setting up any new arrangement. Therefore, it would appear most cost effective to retain current arrangements until a new arrangement can be implemented.

The current contractual arrangements have been reviewed against other arrangements in Berkshire and continue to offer value for money, and so maintenance of this agreement would not have a significant financial impact, if any at all. The predicted value of the contract would be £150,000 per annum, which is no higher than current spend and so would not lead to any budget pressures.

Options therefore include;

1. Extending the current arrangement to allow us to align contracts with RBWM, which is the recommended approach
2. Extend the RBWM contract to cover WBC properties, which cannot be done due to the differenced within both the contracts and processes nor our arrangements with internal clients e.g. schools
3. Let a new contract to provide the service either in the short or longer term. This would need resources to undertake and may then lead to the contracts not being aligned or expensive short-term arrangement with a new provider. There is a risk to disruption of service and increased costs.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	(£0k)		
Next Financial Year (Year 2)	(£0k)		
Following Financial Year (Year 3)	(£0k)		

Other financial information relevant to the Recommendation/Decision

The current schedule of rates is comparable to other arrangements across Berkshire; therefore there is no significant loss, if any, in regards to value for money in extending the arrangement.

Cross-Council Implications

There will be limited impact on other Council services.

List of Background Papers

None

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