

<b>TITLE</b>	<b>Term Maintenance Contracts For Reactive &amp; Planned Mechanical Works</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 29 <sup>th</sup> June 2023
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Leader of the Council and Executive Member for Business and Economic Development- Clive Jones

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

The purpose of this report to is to invite the Executive to approve the commencement of a tender process to appoint a mechanical term maintenance contractor.

The Procurement Business Case needs to be approved by the Executive as the values of the works (services contract) are estimated to exceed the values of work as detailed in section 13 of the constitution requiring Executive approval (services contract over £500K in value).

The contract value is £1.75M over the total duration (Total Ascertainable Value). This value is for a 3 year initial term with 4x12month extensions (£250k per annum).

## **RECOMMENDATION**

That the Executive.

- 1) Approves the undertaking of a competitive tender process for a new term maintenance contract(s) for Reactive and Planned Mechanical Works;
- 2) Delegates authority to the Director of Resources and Assets to implement the recommended procurement approach.

## **EXECUTIVE SUMMARY**

Wokingham Borough Council has a legal requirement to maintain its property portfolio in a safe and serviceable condition. This includes a total of 142 sites, consisting of Corporate Sites (including Shute End), Optalis Sites (including Suffolk Lodge), Leisure Centre Buildings and commercial buildings. In addition Operational Property provide maintenance and statutory compliance for schools under a traded service agreement, to both Academy School and Maintained Schools.

The Council has an existing contract with a third party to deliver reactive and planned mechanical maintenance services. This existing contract will terminate 31<sup>st</sup> July 2023.

Having considered the options, it is recommended to Executive to undertake a competitive tendering process for a new term contractor for reactive and planned

mechanical works. The contract will be for an initial 3-year term, with the provision of 4 extensions (+1+1+1+1years) with the commencement date of the 1<sup>st</sup> August 2023.

The contract value is £1.75M over the total duration (Total Ascertainable Value). This value is for a 3 year initial term with 4x12month extensions (£250k per annum).

Executive approval for this procurement is required due to the value of the contract works (above £500,000 in value).

## **BACKGROUND**

Wokingham Borough Council has an obligation under the Health and Safety at Work Act 1974 to ensure a safe workplace for staff and members of the public accessing our properties. The properties managed by Operational Property include a total of 142 Sites, consisting of Corporate Sites (including Shute End), Optalis Sites (including Suffolk Lodge), Leisure Centre Buildings, commercial buildings and maintained and academy schools.

The Council's property department co-ordinates reactive repairs, statutory compliance inspections and planned projects for the council. The Council has used term maintenance contractors since 1998 to carry out reactive and statutory servicing. Operational Property has chosen this delivery model to use specialist contractors due to the nature of the works as it reduces the overall overhead costs.

## **BUSINESS CASE**

Provide concise information setting out:

- The business case for the decision including evidence of need;
- Any options that have or are being considered;
- What the risks associated with the decision are;
- Any timescales associated with the decision;
- What the expected outcomes are.

The current term maintenance contract terminates on 31 July 2023 and a new contract is required to enable the Council to deliver this statutory service.

A number of procurement options were considered for this contract. A summary of these options are set out below, with further detail included in Procurement Strategy Options Appraisal. :

*Option 1 – Do not proceed with procurement of this service / works – Rejected.*

If this service is not provided the council will be at risk of closing services and a high health and safety risk to staff and members of the public. This will eventually lead to a reduction in utilisation of property assets.

*Option 2 – Run competitive tender – recommended.*

Due to education properties being part of the portfolio, there is requirement for specific suppliers to manage safeguarding and health safety implications whilst working within school environment. A competitive tendering process also offers the overall better value for money by testing the market.

*Option 3 – Combine with existing Tenant Services contract – Rejected.*

There are significantly different skill and knowledge requirement for commercial premises, including school settings, as opposed to maintenance of residential properties (through Tenant Services). As such it is not deemed that the same contractor could perform both functions.

*Option 4 – Third party framework agreement or a Dynamic Purchasing System – Rejected*

The management costs of frameworks are considered prohibitive and recharging to end customers was problematic. The framework agreements are not considered sufficiently flexible for a small local authority.

*Recommendation*

It is therefore recommended that we proceed with a Competitive Tender process, with the intention to appoint one specialist Mechanical Term Maintenance contractor.

In order to align with the potential implementation of The Schools Bill White Paper we are planning to tender a 3-year initial term contract with the provision of 4 extensions (+1+1+1+1years) with the commencement date of the 1<sup>st</sup> August 2023.

It is recommended that authority is delegated to the Director of Resources and Assets to implement the recommended procurement approach.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.***

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

**Other Financial Information**

State clearly and concisely any other financial implications which are not included in the table above eg the impact on budgets if the decision is not approved. If no implications state 'none'

The contract provides no formal contract value commitment and is purely based on reactive demand. High value replacement of equipment and installation are subject to specific capital funding, out of scope of this contract. The costs associated within this contract have existing approved budgets and re-tendering of this contract is within the existing approved budgets,

If the procurement of this contract was not approved, there would be longer-term budget pressures due to longer-term maintenance requirements on buildings that were not being addressed efficiently and in the shorter term.

<b>Stakeholder Considerations and Consultation</b>
None

<b>Public Sector Equality Duty</b>
No negative impact upon persons with protected characteristics identified.

<b>Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i></b>
This contract will allow building to be efficiently maintained aligning with the council energy policy.

<b>Reasons for considering the report in Part 2</b>
The procurement strategy contains exempt information by virtue of paragraph 3 of Part 1 of Schedule 12A of the LGA Act 1972 (as amended)

<b>List of Background Papers</b>
Procurement Strategy Options Appraisal

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