

# Update to Regulatory and Appeals Committee on changes to Contract Standing Orders

## Appendix 2

### Facilities Management Procurement Strategy for Building Services

#### Introduction

The Council's Facilities Management Team are responsible for the maintenance and repair of the Council's property portfolio. FM already have a series of contracts through which specific maintenance services are acquired. However there are a number of services which FM need but for which they do not have formal long term contractual arrangements. The services required include:

Table 1

Maintenance and renewal works		Consultancy Services
Tarmac, Paving, external works	Painting & decorating	Building Surveying/Project Management
Electrical services	Plumbers	Structural Engineering
Mechanical services	Drainage clearing & repairs	Highway & Civils
HVAC Services	Glazing	Electrical
General building	Joinery	Mechanical
Roofing	Locksmiths	HVAC
Fencing		Asbestos
		Fire risk assessment
		Water Hygiene

Often these services are required urgently and the FM Team do not have the time or resource to award contracts on each occasion as a standalone procurement within the standard 4 – 7 week timescale.

The current approach requires open, specific procurements, neither the number of bidders nor their quality can be predicted. Furthermore an audit conducted in 2016 identified that the Council's contracting arrangements did not adequately address contractor health and safety.

Officers are therefore seeking to improve the quality of bids and to reduce the time between work identification and satisfaction.

The maintenance and renewal works are subdivided into two categories: Reactive Repairs and Renewals for instance repairing a leaking pipe, and Planned Works such as redecorating the exterior of a building.

#### Reactive Repairs & Renewals

The objectives of the review of process for procuring Reactive Repairs and Renewals (defined by value as between £1 - £25,000) are to achieve the service level demands of the Council and to ensure:

- Competitive procurement – regardless of price.
- Works are of the right quality – by definable standards.
- The process is responsive to timescales which meet operational requirements – measureable performance.
- Statutorily compliance (Health & Safety).
- Transparency – for audit and accountability.
- Efficiency – minimal overhead costs and bureaucracy.
- Compliance with Council's Contract Standing Orders.

Achieving the above objectives is proving difficult using the standard case by case, advertised tender process for a number of reasons, these are : -

- Reactive repairs requiring rapid response (2 hours – 28 days) cannot be delivered by competitive quotation due to the time required to obtain quotations.
- Ad hoc enquiries for numerous low value quotes without any guarantee of work do not offer an attractive business proposition and the market is unresponsive.
- Under the standard advertised tender process neither the number of bidders nor their quality can be predicted.
- For extra low value works for which the standard tender process is neither necessary nor appropriate (less than £500) the need to achieve the right quality has led to the over use of a limited number of contractors and resulted in the inadvertent exclusion of other businesses and a concern that we cannot demonstrate value for money.
- Where we appoint new Contractors for works up to £25,000 we do not have the resources to ensure with confidence that they are capable of delivering the services we require in a safe manner in compliance with the Construction Design & Management Regulations 2015.

### **Planned works**

Works & services relating to larger scale projects exceeding £25,000 present different problems.

The objectives remain the same as previously defined for reactive repairs and renewals but difficulties have been encountered with the market place and the standard, advertised, case by case procurement process as follows: -

- Open tendering via the web is sometimes ineffective. We have no control as to whom responds, their number or quality. This has on occasion resulted in

poor tender response which has caused substantial delays as we have sought to resolve issues with contractors after tenders have been received.

- Despite our efforts to reduce the burden, the documentation required to help us assess the quality aspect of contractors, for instance their health and safety record, or relevant experience, may be seen as bureaucratic and off putting to prospective suppliers.
- The open nature of the standard tendering process reduces the opportunity for repeat business for contractors and we may be losing commercial leverage.
- Our potential contracts are often of a relatively low value, below £100,000, and in a buoyant market, as currently exists, a more strategic approach is required to attract good contractors and assure good quality works

## **Proposals**

Officers are therefore proposing changes in how we procure the services we require, achieving the objectives more effectively and raise the quality of the services provided.

It is proposed that the Council establish two routes to market: -

A measured term contract for lower value opportunities and a select list system for higher value work.

### **1) Measured Term Contract**

Measured Term Contracts (MTC) are based on a schedule of rates fixed for a set period.

For works up to £25 000 the Council proposes to establish a zero commitment, measured term contract for General Building Reactive Repairs and Renewals.

- For works up to £500 the Contractor will be required to visit the site, perform the works and charge against the contracted hourly rates.
- For works between £500 and £25,000 the Contractor will be required to submit fixed price estimates against which purchase orders can be raised in advance, once again the pricing should extend from pre agreed rates.

It is envisaged that the MTC will have a two year term with the possibility of a one year extension. The contract has an estimated projected value of £300,000 per annum but this will be dependent on the demands the Council make of it.

The MTC will be awarded under a competitive tender exercise advertised on the Council's web site and Contract Finder – The Government's nationwide public sector contract portal. Officers will conduct a communication exercise to ensure that known, reliable businesses are made aware of the advertisement. If this arrangement proves

successful and the opportunity to work with Buckinghamshire County Council discussed below proves fruitless, further similar procurements may follow.

## **2) Select Lists**

For planned works contracts in excess of £25,000 Officers believe that competition is required on a project by project basis to achieve value for money, however there is still a need for speedy contract award. It is therefore proposed that the Council identify a select list of qualified contractors amongst whom we can conduct tender exercises. The skills and services required are those listed in Table 1 above but this will vary depending on the service demands of the Council.

It is initially proposed that a select list be established for maintenance and renewal works listed in Table 1, it is estimated that these works could have a value of £500K per annum. A select list for consultancy services would follow.

It is further proposed that the select list opportunity be advertised on Contracts Finder and the Council's web site, seeking applicants for each skill. The advertisement will list anticipated works required by the Council in the next 12 months. Candidates will face an initial light touch qualification from a health and safety and due diligence perspective based on the nationally recognised PAS 91 pre-qualification questionnaire. All the candidates who qualify will be on the list. Officers will conduct a communication exercise to ensure that known reliable businesses are made aware of the advertisement.

Once the list is established, as and when specific works requirements arise, Officers will conduct detailed project by project due diligence and tender exercises amongst those on the select list with the appropriate skills, seeking fixed price tenders for the works.

Where the number of suitable suppliers for tendering on the list exceeds the number of tenders required an unbiased tenderer selection process will be established (in that case, to reduce the administrative burden on suppliers, only those selected to receive an ITT will be asked to complete the more detailed due diligence). If there are insufficient Tenderers in the pool we will refer to 'Constructionline', a nationally recognised construction industry database.

## **3) Buckinghamshire County Council**

Note the Council is also considering whether and how we can use contracts established by Buckinghamshire County Council which may also provide speedy access to the required skills and services.