

Finance and Resources Committee

10.00am, Thursday 16 August

Extension to the existing Property Repair and Maintenance Contracts

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	

Executive Summary

This report seeks approval of the Committee to extend the existing Property Repair and Maintenance Contracts for a period of one year with the option to extend for a further period of six months.

The total value of the extension is £11,700,000 per annum.

This extension is required to provide the Council with sufficient time to re-procure the services following a period of significant change in the shape and scope of the service delivery.

Extension to the existing Property Repair and Maintenance Contracts

1. Recommendations

- 1.1 That Committee approves the extension the following Contracts for a period of 12 months with the option to extend for a further 6 months:
 - 1.1.1 Statutory Compliance and Inspection Testing of Mechanical and Electrical (planned and reactive services) and Fabric (planned services) to FES FM Ltd, Servest Ltd and Skanska Rashleigh Weatherfoil Limited with an estimated contract value of £8m per annum;
 - 1.1.2 General building repairs and maintenance Framework to James Breck Ltd, Response Building and Maintenance Ltd and Saltire Roofing and Building Ltd, with an estimated contract value of £0.9m per annum;
 - 1.1.3 Minor works and decoration repairs and maintenance Framework to Bell Group UK Ltd, H&J Martin Ltd and Response Building and Maintenance Ltd, with an estimated contract value of £0.5m per annum;
 - 1.1.4 Plumbing, jetting and drainage repairs and maintenance Framework to J B Bell and Co and Response Building and Maintenance Ltd, with an estimated contract value of £0.85m per annum;
 - 1.1.5 Blacksmith repairs and maintenance contract to Orbis Ltd, with an estimated contract value of £0.65m per annum;
 - 1.1.6 Joinery repairs and maintenance contract to Response Building and Maintenance Ltd, with an estimated contract value of £0.4m per annum; and
 - 1.1.7 Lift and Escalator repair and maintenance contract to Kone Plc, Orona Limited and Consult Lift Services Ltd, with an estimated contract value of £0.4m per annum.
- 1.2 Notes that the Contracts listed above all expire in the Autumn/Winter of 2018 and these extensions are therefore sought as a Waiver to the Council's Contract Standing Orders.

2. Background

- 2.1 The Council has approx. 600 operational buildings and a significant number of sites (cemeteries etc) and non-operational assets such as statues and monuments etc across the estate.
- 2.2 The repairs and maintenance of these assets is delivered via external contractors or by utilising internal resources if capacity and the specific skillset is available. The appointment of external contractor support was subject to competitive tender in 2013 in separate and individual trade disciplines (Lots) and managed, in the main, at that time through Edinburgh Building Services (EBS - Non-Housing) as second tier suppliers.
- 2.3 In 2016, EBS ceased to provide internal contractor support for Non-Housing requirements and the direct management of external contractor support as first tier suppliers was transferred to Property and Facilities Management (P&FM).
- 2.4 The existing external contractor support contracts were for a two-year period with provision for a yearly extension to a maximum of a combined total of four years. The existing contracts finish on a rolling basis between September 2018 and January 2019.

3. Main report

- 3.1 Repairs and maintenance (R&M) requirements are threefold:
 - Statutory inspections and certifications – the mandatory inspections and maintenance of equipment to ensure legal compliance without which these cannot be used. For example, gas-safe tests for boilers, cookers etc, fire alarm, fire suppression and emergency lighting, lifts and escalators, PAT, fixed wire tests etc.
 - Reactive Repairs - the repair or replacement of items when defective. Predominantly health and safety, wind and watertight or service provision requirements including structural concerns, leaking roofs, broken windows, defective heating etc.
 - Planned Preventative Maintenance (PPM) – a programme to proactively inspect and maintain assets including clearing gutters and drainage systems, maintain windows, roofs, flooring, electrical and mechanical equipment etc. To prolong life-cycle, maintain best performance and mitigate risk.
- 3.2 Due to year-on-year funding constraints, a PPM programme has not been in place for a considerable period, which is a significant contributor to the maintenance backlog and associated increased health and safety risk.
- 3.3 A report to the Finance and Recourses Committee of 23 January 2018 on the outcome of estate wide condition surveys identified that years of underspend on the estate was now manifesting itself in the need for expensive solutions to address a maintenance backlog of £153m. The Council subsequently made available funding

to address the backlog including additional R&M revenue specifically for the introduction of a robust PPM programme to protect capital investment and to mitigate health and safety and service provision risks.

- 3.4 The R&M core budget during the 2013-2018 contract period was approximately £8m per annum supplemented by one-off annual uplifts.
- 3.5 The R&M revenue budget for 2018/19 is £16.7m to provide statutory compliance, reactive maintenance plus put in place an enhanced PPM programme going forward.
- 3.6 Based on the findings of the estate wide condition surveys and the resultant Council decision on additional R&M funding provision, an updated procurement exercise meeting the Council's Standing Orders and European procurement regulations is required.
- 3.7 The procurement purpose and objectives of a new supply chain is to ensure the Council can deliver an effective and customer focused repairs and maintenance provision ensuring that the Council's estate and built environments are: -
 - well maintained, wind and watertight (through planned and preventative maintenance with required reactive repairs);
 - safe, accessible, and compliant with statutory legislation – making safety of building users the top priority;
 - maintaining and enhancing asset values;
 - delivering value for public money;
 - optimises maintenance and lifecycle spend; and
 - produces and maintains effective records and performance management/quality assurance information.

Transition period

- 3.8 During the transition period (2018-2020) until a new supply chain is in place, and with the additional funding, the priority outcome is to have a validated maintenance plan for each building, across the operational estate as part of an integrated asset management approach.
- 3.9 The supporting maintenance priorities will be:
 - Maintain a safe, compliant, wind and watertight estate.
 - Maintain service continuity – Business as usual.
 - Support the Capital Investment – Asset Management Programme of Works.
 - Progressively implement safe and dry / preventative maintenance / steady state process.
 - Introduce a single point Planned and Preventative Maintenance delivery per site
 - Progressively implement an enhanced performance management process.
 - Put in place pre-conditions for data management / tender process including asset tagging and condition verification.

- 3.10 It is recommended that the existing Statutory Compliance and Inspection Testing Contract be extended to take responsibility progressively for M&E and fabric PPM within current contracted areas. The contractors also progressively take responsibility for whole-building planned and preventative maintenance.
- 3.11 The fabric reactive maintenance provision will remain with existing supply chain during this period.
- 3.12 It is vital to continue these Council critical services while the re-procurement process is undertaken which is expected to take 12-18 months.

4. Measures of success

- 4.1 Enabling business continuity while Property and Facilities Management goes through a significant period of change to how planned and reactive services are delivery for the Council.
- 4.2 The delivery of an effective and customer focused repairs and maintenance provision to ensure that the Council's estate and built environments are safe and meet the objectives outline in 3.7.
- 4.3 Provision of a validated maintenance plan for each building, across the operational estate as part of an integrated asset management approach.

5. Financial impact

- 5.1 All costs will be contained within the Property and Facilities Management Service Repairs and Maintenance revenue budget.

6. Risk, policy, compliance and governance impact

- 6.1 There are significant health and safety and service delivery failure implications of not addressing the backlog maintenance, and of having no annual planned preventative maintenance programme.
- 6.2 The Public Contracts Directive 2014 gives provision for an extension to a Framework Agreement past its expiry date to provide additional works that have become necessary and were not included under the initial procurement where the re-procurement would cause significant inconvenience for the contracting authority.
- 6.3 As this extension is covered by the Regulations, the procurement risk has been assessed as low.
- 6.4 The risk to Health and Safety and Business Continuity if the Contracts are not extended is high as the Council would have no provision in place for these works.

7. Equalities impact

- 7.1 The potential failure of the Council's operational estate such as schools or care homes would impact on some of the city's most vulnerable groups. A planned preventive maintenance programme of investment would help mitigate that risk.

8. Sustainability impact

- 8.1 A planned, preventative maintenance programme will significantly enhance the life cycle of properties and sites and mitigate the risk of uncontrolled failures.

9. Consultation and engagement

- 9.1 Briefings have been provided on this issue to each political group and consultation has taken place with service users and departments.

10. Background reading/external references

- 10.1 Report to Finance and Resources Committee 23 January 2018 – Outcome of Property Condition Surveys - http://www.edinburgh.gov.uk/meetings/meeting/4309/finance_and_resources_committee

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