

Finance and Resources Committee

10.00am, Thursday, 5 March 2020

Extension to existing property repairs and maintenance contract

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 That Committee approves the proposed extension to the following contracts for a period of 6 months with the option to extend further:
 - 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 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 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 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 to Orbis Ltd, with an estimated contract value of £0.65m per annum;
 - 1.1.6 Joinery repairs and maintenance 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 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 were previously extended until 1 April 2020 by Waiver to the Council's Contract Standing Order on 16 August 2018 following approval at Finance and Resources Committee.
- 1.3 Notes that due to the scale and complexity of the procurement process and transformation of the delivery of Hard FM Services, this further Waiver is required to ensure that critical repairs and maintenance can continue.

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Executive Director of Resources

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Extension to existing Property Repairs and Maintenance Contracts

2. Executive Summary

- 2.1 This report seeks Committee approval to extend, under Waiver of the Contract Standing Orders, the existing Property Repair and Maintenance Contracts until the completion of the procurement exercise for the re-tendering process.

3. Background

- 3.1 The Council has approximately 600 operational buildings and a significant number of sites (cemeteries etc) and non-operational assets such as statues and monuments etc across the estate.
- 3.2 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).
- 3.3 In 2017, Property and Facilities Management (P&FM) in conjunction with Commercial and Procurement Services (CPS) commenced a programme to transform the delivery of the service provision into a more streamlined, proactive and planned approach delivered by two main Hard FM partners.
- 3.4 The re-procurement of the service is complex and requires a significant volume of market engagement, stakeholder and end user consultation, scope and price modelling, contract drafting, data gathering, and analysis to ensure the most efficient contract which meets the needs of the Council are met and best value can be demonstrated.
- 3.5 The existing external contractor support contracts, currently contracted as a Waiver to the Council's Contract Standing Orders, expire on 1 April 2020 and this report seeks approval to extend further until the completion of the procurement exercise and mobilisation of the new Contract. This will be required for a minimum of 6 months.

4. Main report

- 4.1 Following an extensive market consultation and stakeholder engagement exercise to identify the most appropriate route to market, CPS and P&FM have been working on a new procurement process for the re-tendering of repairs and maintenance to the Council's operational estate.
- 4.2 Hard FM Services is the collective term for repairs and maintenance which consists of:
- Statutory inspections and certifications – the mandatory inspections and maintenance of equipment to ensure legal compliance. 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.; and
 - 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.
- 4.3 PF&M and CPS placed a Contract Notice in the Official Journal of the European Union (OJEU) on 7 October inviting interested contractors to submit a European Single Procurement Document (ESPD) to assess the bidders' financial capacity, business probity, capacity, experience and organisational policies for fair work and environmental practices.
- 4.4 14 bidders submitted an ESPD and following evaluation, 7 contractors have been invited to tender for the opportunity. There are Atalian Servest, FES, Integral, Graham Asset Management, MITIE, Robertson FM and Skanska.
- 4.5 There is a significant volume of documentation being prepared in preparation for the tender stage of the procurement process. To ensure bidders have absolute clarity of the requirements and expectations within the Contract, the Project Team have:
- Compiled a list of over 45,000 assets which have been logged for scoping, pricing and monitoring purposes;
 - Assessment of the end to end process from works order to payment to identify operational improvements for inclusion in the procurement process;
 - detailed condition and asset information for each building has been compiled;

- working in collaboration with Sustainable Procurement Scotland, a strategy devised for the specification in relation to environmental benefits and requirements incorporating a low carbon approach to delivery;
- stakeholder mapping and engagement with end users including the pupils of each high school who form part of a working group to establish and promote which community benefits, work opportunities and environmental benefits they feel would be most beneficial to them;
- created a community benefits strategy aimed at apprenticeships and employment opportunities for long term unemployed. There will also be a focus on supporting the skill shortage in the construction industry for trades such as stonemasonry and carpentry;
- working to improve processes and procedures to ensure a more enhanced customer experience for the building users through improved technology and communication;
- drafting of a scope which complies with all relevant policy, legislation and Council charters such as the Construction Charter;
- created a strategy aimed at supporting Small to Medium Enterprises (SME's) which includes conditions within the contract for a minimum spend with SMEs within a 5-mile radius of the property;
- setting up a 'Meet the Bidder' event for local SMEs to meet with the bidders for sub-contracting opportunities. This will be supported by the Council, Sustainable Procurement Scotland and the Supplier Development Programme; and
- Working alongside colleagues in Legal Services to create a contract which is 'future proofed' and contains appropriate conditions related to sub-contractor payment, financial distress, TUPE, poor performance penalties and Brexit.

4.6 The complexity of the project and importance of ensuring all aspects are undertaken with great care and attention, has led to slightly revised timescales. In addition, the mobilisation period required by the successful bidders will only become clear once final tenders are received.

4.7 It is vital to extend the existing contracts to continue these Council critical services while the re-procurement process is undertaken.

5. Next Steps

5.1 The services will continue to be provided by the existing contractors until the new contract is in place.

5.2 The invitation to tender will be issued to the shortlisted bidders and these will be evaluated to assess which two bidders demonstrate best value for the Council. A further report outlining the outcome of the tender process is expected to be reported to Finance and Resources Committee in Summer 2020.

6. Financial impact

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

7. Stakeholder/Community Impact

- 7.1 Briefings have been provided on this issue to each political group in relation to the procurement strategy and consultation is ongoing with service users and departments as part of the preparation of the tender documentation.

8. Background reading/external references

- 8.1 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
- 8.2 Report to Finance and Resources Committee 16 August 2018 – Extension to the Existing Property Repair and Maintenance Contracts

9. Appendices

- 9.1 None.