

UPDATE LONG TERM CORPORATE MAINTENANCE SERVICE STRATEGY FOR THE PROVISION OF STATUTORY, TESTING, INSPECTION, REPAIR AND MAINTENANCE SERVICES IN PREPARATION FOR COMPETITION AND POTENTIAL INSOURCING OF SERVICE ELEMENTS

BRIEFING NOTE / INFORMATION ITEM

CPC MEETING DATE

8 March 2021

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

ALL

CABINET MEMBER

Mayor Philip Glanville, Property

KEY DECISION

No

REASON

Information Item

GROUP DIRECTOR

Ian Williams, Group Director of Finance & Corporate Resources

BRIEFING NOTE

APPENDICES

None

EXEMPT

N/A

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

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Update Long Term Corporate Maintenance Service Strategy For The Provision Of Statutory, Testing, Inspection, Repair And Maintenance Services In Preparation For Competition And Potential Insourcing Of Service Elements

1. Introduction

This report sets out an update on the progression of the long-term maintenance service strategy for the provision of statutory, testing, inspection, repair and maintenance services, in preparation for competition and potential insourcing options.

In June 2020 a report was provided outlining options for the future of the service, and setting out the proposed arrangements for an interim solution necessary to continue service provision, whilst continuing to develop the longer term strategy. It was agreed that a further CPC report would be submitted with the business case for a longer term procurement strategy.

Work is progressing on both the procurement of the next maintenance contract and options for a planned approach to insourcing and this briefing report provides an update on the work that has been undertaken in developing the strategy since the June 2020 report.

2. Executive Summary

Following the June 2020 report to CPC, Strategic Property Services have been reviewing options for a long term strategy, that ensures buildings are statutorily compliant and well maintained, whilst incorporating the key principles of the Council's Sustainable Procurement Strategy. Considering options and opportunities for insourcing has been at the forefront of this work and an appraisal report for Hard FM Insourcing was commissioned.

The report concluded that the Council is not currently in a position to self-deliver a significant amount of Hard FM service provision, but recommended that there are discrete elements of the service that could be considered in the short to medium term for implementation, as the first steps on the longer term planned journey towards insourcing. Those recommendations have been considered and where appropriate are being actioned. There is also a pressing need to stabilise the existing resources within the client team, with particular reference to personnel and data.

Alongside development of the strategy, officers are progressing the procurement of the next maintenance contract via a procurement framework. This procurement route has been identified as the most suitable given the limited time available but there are risks associated with both the time available to complete the procurement and mobilising a new contract immediately prior to Christmas.

3. Progress Summary

Following June 2020 CPC officers commissioned a report to appraise Hard FM insourcing options and make recommendations. The appraisal included consultation with a steering group and key stakeholders and included consideration of strategic priorities, risk/ benefit analysis and benchmarking/ industry best practice.

The review has been completed and its recommendations are summarised below:

1. The Council should commence activities associated with re-procuring the Hard FM Services provision currently being delivered by the incumbent contractor. This could include retaining the option to remove some discrete elements of the service for self-delivery (subject to further due diligence and a formal decision making process). Elements identified as possibilities for self-delivery in the shorter term are management of capital works, CAFM (Computer Aided Facilities Management) and a Helpdesk facility;
2. The Council should appraise the use of contract staff and consultant resources within its existing management structure and build an in-house Intelligent Client Function (ICF). It further recommends that it is important that this precedes insourcing in order to ensure that the management structure and resource is in place to control risks associated with self-delivery;
3. Re-procurement of Hard FM Services should address and deliver on the Council's Sustainable Procurement Strategy by incentivising the use of labour and suppliers from the local economy and building in other key social value requirements;
4. Continuing to liaise and work with Housing with regards to their potential capacity through the DLO to support delivery of some discrete elements of the service.

The recommendations have been considered and are being incorporated into both the long term maintenance strategy and the procurement of the next Hard FM Services contract.

Officers have worked with their professional advisers and Procurement colleagues to identify an appropriate procurement framework. Notice was issued to the framework in December 2020 for expressions of interest and due diligence is currently being undertaken on the suppliers that have formally expressed an interest in tendering.

The first steps identified as necessary to ensure that the service is able to both effectively manage delivery of services, and to move towards a more insourced delivery model, are putting in place a permanent and sufficiently resourced internal management team, and having resources to lever greater benefit from and control over our own good quality data:

- Activities to stabilise the internal management team through the establishment of an Intelligent Client Function have commenced with Finance;
- A review of data management options and systems is underway.

In line with the recommendations of the report and the Sustainable Procurement Strategy officers within Strategic Property Services are continuing to develop and implement a strategy that will support the Council's long term objective of bringing services in-house, where it is possible and financially viable to do so:

- Housing's DLO does not currently have the resource or infrastructure to extend maintenance services to the Corporate estate but liaison will continue in order to coordinate over opportunities to work together on insourcing in the future;
- In the meantime requirements will be incorporated within the next contract that support and deliver on the Sustainable Procurement Strategy.

4. Issues and Risks Arising

There has been considerable time spent in appraising the options available for insourcing some or all of the FM Hard Services provision. Whilst this was necessary it has inevitably impacted progress with procuring the next contract as the team has limited resources, while the key staff members have been directly affected by the COVID pandemic. The use of a framework has been identified as the most suitable route for procurement but even though this offers a faster route to the market it reduces the number of potential bidders as it doesn't access the open market. The programme is extremely challenging given the current interim contract is due to expire in December 2021.

The need to establish the internal management team has been highlighted within this update. This is regarded as critical to the success of managing maintenance works whether self-delivered or externally contracted. Whilst agreeing resources and establishing a new team structure is a separate workstream there is a clear interdependency and it should be recognised that delays to agreeing and implementing an appropriately resourced internal team structure introduces risk to the management of the new contract and the longer term plan for insourcing.

The Covid19 pandemic must also be acknowledged as an on-going potential risk factor. The potential to impact both the procurement and contract mobilisation processes remains. Meanwhile, the Council is engaged in an exercise to “Build Back Better” and is reviewing how it might better use its buildings going forward, and in particular, the core campus buildings.

5. Next Steps

To follow the recommendations from the insourcing options appraisal as summarised in the update above and including:

- Progressing activities associated with re-procuring the Hard FM services provision (currently delivered by the incumbent external main contractor);
- To return to CPC with a business case for formal approval to re-procure Hard FM services via an identified procurement framework;
- Where appropriate incorporating the Sustainable Procurement Strategy into the next contract whilst continuing to develop a longer term strategy to move towards a more insourced model of delivery where practical and financially viable.