

**EXTENSION OF CONTRACT - MAINTENANCE OF BUILDING SERVICES AND REACTIVE WORKS FOR THE CENTRAL ADMINISTRATIVE BUILDINGS (REF CU2238)**

Responsible Cabinet Member: Councillor Middleton (Cabinet member for Resources and Innovation)

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**Executive Summary:**

This report is seeking approval to extend the contract for maintenance of building services and reactive works for the Central Administrative Buildings.

The contract term was approved by Cabinet Procurement Committee on 7 May 2013 for a period of four years expiring 31 July 2017 with an option to extend until 31 July 2020.

The value of the extension period is estimated at £212K.

**1. Recommendation(s)**

- 1.1 That the contract for the Maintenance of Building Services and reactive works for the central administrative buildings be extended for a one year period from 1 August 2017, expiring on 31 July 2018.

**2. Context**

- 2.1 The contracted Services have ensured that the Central Admin Buildings have complied with all current legislation ensuring that the buildings services are being maintained to an industry standard or better over the last four years. This has ensured business continuity and energy efficiency.

**3. Background**

- 3.1 The Pre-Qualification Questionnaire stage attracted 36 submissions. The original tender was advertised on the E-Tendering system on 17 January 2013 producing 9 submissions.
- 3.2 Contract Management
- (a) The Senior Client Officer for this contract is the Facilities Service Manager. The contract adheres to the Council's terms and conditions as maintained by the Council's Legal team.

- (b) The key governance processes include:
  - (i) Fully minuted monthly review meetings discussing current issues and reviewing the Monthly Management Report issued by the contractor.
  - (ii) A Contract Management Plan was introduced in August 2015 enabling the KPI focus and approach to be measured and agreed by both parties.
  - (iii) The revised working model developed to allow for effective management for resources where two resident engineers were reduced to one engineer with mobile engineer support. This realised cost savings without any significant impact on the service provided.

3.3 The one year recommendation rather than the full three year option falls in line with the Council's commercial approach (as per Item No14 -CPC 07/2/2017) which may include the creation of a partnership with a commercial provider which is currently in discussion.

#### 4. **Implications**

##### 4.1 Policy

Civic Offices and Saxon Court are the Central Administrative buildings, The Asset Management Plan identifies that all the Administrative buildings should be fit for purpose.

The procurement of this contract complies with the Contract Procedure Rules, Financial Regulations and applicable European Procurement Regulations.

##### 4.2 Resources and Risk

- (a) The costs of this contract are already contained within the revenue budget for the Central Administrative buildings.
- (b) The key opportunity secured by this contract is that the services procured are cost effective and respond to the needs of Facilities Management to provide timely results and control data. It is assessed that the delivery of this contract provides a high likelihood that it will secure the opportunity defined.

(c) The key THREATS for this contract going forward were originally, and still are, assessed as:

<b>Risk</b>	<b>Likelihood /Impact</b>	<b>Mitigation</b>	<b>Impact after mitigation</b>
Contract not robust or clear enough to deliver the outcomes expected.	L	The contract is more prescriptive than the previous one regarding response times.	L
Insufficient resource in contract management.	M	The contract is managed by the Mechanical and Electrical Engineer under MKC Facilities Management. Should the resource not be available the FM Manager would manage the contract.	L
Additional works required due to breakdowns and minor project works.	M	Continual monitoring of the contractors workload by the management team will ensure that the contractor provides sufficient resources.	L

The governance measures set out in 3.2.b above provides a basis to conclude that these threats, properly managed represent a LOW likelihood or a MEDIUM Impact.

N	Capital	Y	Revenue	Y	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

#### 4.3 Finance

(a) The table below sets out the actual expenditure to date.

	<b>Base Contract Cost</b>	<b>Reactive/Quoted Works – (Costs attributable to ad hoc work)</b>	<b>Total Spend</b>
2013/14	50,247.50	49763.73	100,011.23
2014/15	75,371.28	142,752.84	218,124.12
2015/16	77,079.68	138,747.31	215,826.99
2016/17	78,612.48	116,186.57*	194,799.05
	<b>281,310.94</b>	<b>447,450.45</b>	<b>728,761.39</b>

\*Reactive/ Quoted works as at 16/03/2017

- (b) 2017/18 Contract Costs based on an estimated 3% uplift as of 1st August 2018.

	<b>Base Contract Cost</b>	<b>Reactive/Quoted Works – (Costs attributable to ad hoc work)</b>	<b>Total Spend</b>
<b>2017/18</b>	80,184.73	132,562.24*	212,746.97

\*Reactive/Quoted works 17/18 based on an average figure of the last three financial years.

#### 4.4 Carbon and Energy Management

This contract adopts the Councils Carbon and Energy Management Policy with the contractor taking a more active role and liaising with the Councils Energy Manager to improve efficiency and reduce waste.

#### 4.5 Legal

The Central Administrative Buildings both have tenants and various communication installations leased by third parties. If there are any system failures the Council will be in breach of their lease obligations.

The extension of the contract will ensure the Council's lease obligations are not compromised.

The Original contract as procured and awarded permits an extension as requested within this report. The spend so far and the forecast spend if an extension is granted is within the contract value as published in the contract award notice following the tender.

The request to extend is compliant with procurement law and the Council's Contract Procedure Rules.

#### 4.6 Other Implications.

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
Y	Carbon and Energy Policy				

Background Papers: A More Commercial Approach: Enhancing Capacity and Generating Income Through Our Assets and Services Options

[Cabinet Procurement Committee – 7 February 2017](#)