
Meeting	Cabinet Resources Committee
Date	4 November 2013
Subject	Extension of Term Maintenance Contracts
Report of	Deputy Leader of the Council/Cabinet Member for Resources and Performance
Summary	To extend the existing Term Maintenance Contracts for building, mechanical, electrical, lifts, water hygiene and fire beyond the contracted dates for a period of ten months.

Officer Contributors	Martin Wilkinson, Building Compliance Surveyor (mech) (Commercial Services)
Status (public or exempt)	Public
Wards affected	All
Key Decision	No
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 That the Committee authorise a waiver of Contract Procedure Rules to allow extension of the following Term Maintenance Contracts for ten months with the following Contractors:**

Kirkman and Jourdain Ltd. The anticipated spend for the ten month extension is £41,334.

D Long Construction Ltd. The anticipated spend for the ten month extension is £55,466.

Oakray Ltd (Mechanical Maintenance). The anticipated spend for the ten month extension is £84,089.

Oakray Ltd (Electrical Maintenance). The anticipated spend for the ten month extension is £60,258.

RGE Services Ltd. The anticipated spend for the ten month extension is £34,074.

T&D Barrs Ltd. The anticipated spend for the ten month extension is £36,738.

Clearwater Technology Ltd. The anticipated spend for the ten month extension is £86,426.

Industrial Lifts Services Ltd. The anticipated spend for the ten month extension is £20,004.

Initial Fire Services Ltd. The anticipated spend for the ten month extension is £15,563.

Extension of contracts shall enable both cyclical and responsive maintenance works to be undertaken throughout the Council's non-housing operational buildings from 1 December 2013 until 30 September 2014.

- 1.2 To waive the Council's Contract Procedure Rule 14.2 as the original contract period has been extended before.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 DPR Serial No.395 (ET056) of the Director of Environment & Transport dated 2 November 2007 approved the establishment of a Planned Building Maintenance Contract for Minor/Planned Works.**

- 2.2 Cabinet Resources Committee Report of the Cabinet Member for Resources and Performance dated 2 March 2011 approving the Extension of Term Maintenance Contracts.**

- 2.3 Cabinet Resources Committee Report of the Cabinet Member for Resources and Performance dated 4 April 2012 approving the Extension of Term Maintenance Contracts.**

- 2.4 Cabinet Resources Committee Report of the Deputy Leader of the Council/Cabinet Member for Resources and Performance dated 17 December 2012 approving the Extension of Term Maintenance Contracts.
- 2.5 Cabinet Resources Committee Report of the Deputy Leader of the Council/Cabinet Member for Resources and Performance dated 25 February 2013 approving the Extension of Term Maintenance Contracts.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan 2013-2016 emphasises the requirement for good infrastructure throughout the borough and ensuring our buildings are safe and compliant will help to achieve this ambition.
- 3.2 The Council's objectives regarding use of property include the following:
- More efficient and strategic use of property;
 - More effective use of property; and
 - More efficient and strategic use of public sector systems.

This involves the continued use of a number of specialist contractors to ensure high standards of maintenance and repair within Council buildings.

4. RISK MANAGEMENT ISSUES

- 4.1 A risk assessment has been carried out and the main issues have been summarised in the following table:

Risk	Early Warning Mechanisms/ Hazards	Residual Risk		Consequences / Mitigating Actions
		Likelihood	Impact	
Failure to have a new Contract in place	Existing Contracts expire on November 2013	High	High	Loss of essential service necessary to meet legislative requirements, enable preventative maintenance and support service delivery/ it is proposed to extend the existing Contracts
Discovery of asbestos in concealed areas	Asbestos Surveys undertaken for all corporate buildings and reports kept at each site	Low	Medium	Delay and additional cost of removal if found / Asbestos survey reports have been passed to all Premises Managers.

Contractor liquidation/insolvency	Lack of performance. Essential maintenance work not undertaken	Low	High	Delay and additional costs/ Financial check prior to Contract award/ Regular monitoring of contracts & performance indicators.
Health & Safety – working in an operational building	Regular site inspection/construction sites	Low	Medium /High	Injury/Experienced contractors, segregation of working areas
Contractors working with vulnerable people	All Contractors to be DBS checked	Low	Medium /High	Delays whilst checks are being undertaken/All operatives should already be CRB checked as existing contracts are in place.
Financial risk of not having a contract in place	Existing Contracts expire in November 2013	High	High	Additional cost of having to do work piecemeal/ Ensure contract terms and conditions in place

4.2 The various issues have been considered and are unlikely to raise significant levels of public concern or give rise to policy considerations.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 The Council and all other organisations exercising public functions on its behalf are required under the Equality Act 2010 to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

5.2 The proposed works will enhance the Borough's reputation as a good place to live and work and will assist in ensuring that all Council buildings meet statutory legal and safety obligations. The works will also ensure suitability for service delivery.

5.3 The successful Contractors indicated, in their earlier Pre Qualification Questionnaires (PQQ's) that they will support the Council in meeting its public obligations to promote race, equality and disability equality whilst undertaking work on behalf of the Council.

- 5.4 The Planned Building Maintenance Contract had been procured using the Council's procurement process which sets out to the contractors their responsibility in supporting the Council's service delivery.
- 5.5 As part of the tendering process, advertisements were placed in the Barnet local press inviting interest from local contractors. Generally, the successful contractors have some form of training schemes running within their organisations.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The annual expenditure for the five disciplines based on the last three financial years is as follows:-

Discipline	Total Annual Expenditure	No of Contracts
Building	£ 215,108	2
Mechanical	£ 268,503	2
Electrical	£ 209,628	2
Water Treatment	£ 192,055	1
Lifts	£ 44,453	1
Fire	£34,585	1

The ongoing expenditure will be monitored via the Council's ordering system (SAP) and this forms the basis of one of the Council's KPI's.

- 6.2 Council officers from Commercial Services have held discussions with the present Term Contractors with a view to retaining them for a further ten months and they have agreed to the extension.
- 6.3 The extension of the term contracts will result in the establishment of a robust and transparent method of selecting contracting services advocated in the Council's Procurement Strategy. The contracts will provide a call off facility for use by premises managers and will facilitate maintenance and repair in all Council non-housing operational buildings.
- 6.4 The Council will ensure that appropriate and timely building maintenance is implemented thereby ensuring that all buildings are operated safely, efficiently and more sustainably, reducing avoidable energy and water consumption and associated carbon emissions.
- 6.5 There are no staffing or IT implications.
- 6.6 Any financial implications will be managed within the existing Commercial Directorate.

7. LEGAL ISSUES

- 7.1 The Public Contracts Regulations 2006 apply to these contracts and so the council must ensure that they are competitively procured.

- 7.2 These contracts have been extended before beyond the term advertised in the original tender so it is important that the council conducts a fair and transparent competitive tender to procure the new services.
- 7.3 The proposed short term extension is justified by the need to ensure continuity of service while the full tender exercise is completed.
- 7.4 The contract extensions will be on the terms and conditions of the original contracts.

8. CONSTITUTIONAL POWERS

- 8.1 In accordance with 14.2 of Contract Procedure Rules a contract can only be extended if it meets all of the conditions laid down in the section. The present contract has been extended previously; the Council Contract Procedure Rules dictate that a waiver of the Contract Procedure Rules must be sought, in line with Section 15 of the rules.
- 8.3 Section 15 of the Council Contract Procedure Rules state that in the event that the application of these rules prevents or inhibits the delivery or continuity of service, Directors or Assistance Directors and Lead Commissioners may apply for a waiver. The Building Services Team are currently engaged in a fully compliant procurement exercise to renew the term maintenance contract. Following on from the award of contracts it will be prudent to allow the new suppliers a four month mobilisation period working alongside our existing suppliers.
- 8.4 A full explanation for the justification for this extension is contained in paragraph 9.1 below.

9. BACKGROUND INFORMATION

- 9.1 The existing contracts were tendered in 2006 with contracts starting in April 2007. The contract was initially let for a three year period with the option to extend for a further year at the Authority's sole discretion. The initial option to extend the contract for one year was authorised in 2010. Subsequently, further extensions have been authorised.
- 9.2 The current contracts cover a number of services operating within all of the Council's Corporate building stock and within those schools that sign up to the Councils Building Maintenance Service. The contracts cover both cyclical and responsive maintenance works.
- 9.3 The contract awards were as follows:

Kirkman & Jourdain Ltd.,
D Long Construction Ltd.,
Oakray Ltd. – Mechanical and Electrical services North of the Borough
T&D Barrs Ltd. – Mechanical services South of the Borough
RGE Services Ltd. – Electrical services South of the Borough
Clearwater Technology Ltd.– Water Hygiene Borough wide
Industrial Lift Services Ltd. – Lifts Borough wide
Initial Fire Services – Borough wide
- 9.4 A term maintenance procurement was initially undertaken during 2012, it was subsequently agreed to hold the procurement process until the CSG provider was in

place, in order to utilise the successful bidders expertise in the specification and procurement process. Due to the ongoing legal challenge, judicial review and subsequent delays, this hold position was unexpectedly extended by over 6 months. The procurement process has now re-commenced and the tender process will take up to ten months to complete when combined with subsequent reporting and allowing for sufficient contract implementation periods. Up to six months of the ten month extension will be required in order to complete the procurement exercise with the remaining four months required for the mobilisation period on completion of the procurement process.

9.5 In accordance with Contract Procedure Rules as noted in paragraph 8.1 above, there has already been a contract extension and therefore this matter must be referred to the relevant Cabinet Resources Committee for authorisation as stated in paragraph 8.2 above.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	SD