


REPORT TO CABINET

22 January 2020

Subject:	Procurement: Urban Design & Building Services Repairs and Maintenance Framework – 2020/2024
Presenting Cabinet Member:	Councillor Bob Lloyd – Cabinet Member for Inclusive Economic Growth
Director:	Director – Regeneration and Growth- Amy Harhoff –
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	Cllr Bob Lloyd
Director Approval:	Amy Harhoff
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	This is boroughwide
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Mark Drake Urban Design & Building Services mark_drake@sandwell.gov.uk Lee Constable Strategic Assets & Land lee_constable@sandwll.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

- a) authorise the Director – Regeneration and Growth in consultation with the Executive Director – Resources (Section 151 Officer) to award a framework agreement for Repairs and Maintenance for non-housing related works as part of the Construction West Midlands offer.
- b) authorise the Executive Director Resources, Director – Regeneration & Growth and Director - Law and Governance and Monitoring Officer to agree terms and enter into an MOU with Acivico as part of the Construction West Midlands Framework for the delivery of repairs and maintenance for non-housing works.
- c) subject to (a and b above) the Director - Law and Governance and Monitoring Officer to enter into or execute under seal any documentation in relation to award of the framework contracts and/or other agreements as may be deemed necessary.
- d) Authorise the Director – Regeneration and Growth in consultation with the Executive Director – Resources (Section 151 Officer), to authorise the award of a framework agreement for capital works as part of the Construction West Midlands offer.
- e) authorise the Executive Director - Resources, Director – Regeneration & Growth and Director - Law and Governance and Monitoring Officer to agree terms and enter into an MOU with Acivico, Solihull MBC as part of the Construction West Midlands Framework for the delivery of capital works.
- f) subject to (d and e above) the Director - Law and Governance and Monitoring Officer to enter into or execute under seal any documentation in relation to award of the framework contracts and/or other agreements as may be deemed necessary.

1 PURPOSE OF THE REPORT

- 1.1 To seek approval to enter into a joint initiative to procure and manage a suite of frameworks for building repair and maintenance services, capital construction projects and other public property related functions across the West Midlands region.

2 IMPLICATIONS FOR THE VISION 2030

- 2.1 The proposed framework agreements will contribute to the following Ambitions for Vision 2030.
- 2.2 Community life (Ambition 8); quality of schools (Ambition 4). Effective repairs and maintenance of the councils operational and commercial estate will allow schools, leisure centres and other community assets to be available for use by the community.
- 2.3 Lowering crime and Anti-Social Behaviour (Ambition 5). Effective repairs and maintenance of the councils operational and commercial estate, and the on-going security of vacant sites will help reduce crime and disorder.
- 2.4 Getting things done (Ambition 10). The proposed framework will provide a specialised service to external bodies as a route to getting things done.
- 2.5 Local economy (Ambition 9). Effective repairs and maintenance of the councils operational and commercial estate will support regeneration and growth helping to boost the local economy.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The current framework arrangement with Solihull MBC for the provision of repairs and maintenance to non-housing properties and capital works comes to an end on 31 March 2020. An option appraisal was carried out to explore other Framework arrangements with the possibility of joining the Construction West Midlands (CWM) Repairs & Maintenance framework.
- 3.2 Acivico (wholly owned by Birmingham City Council) currently administer the Construction West Midlands framework. This CWM framework comes to an end on 31 March 2020 and is due to be retendered. Both Sandwell and Acivico's timings are the same, both needing to re-engage with the market by April 2020.
- 3.3 A partnered framework would provide added benefits around avoiding duplication of cost and effort, avoiding a rival framework scenario, enhanced presence generating greater interest from the industry reducing their costs (Construction 2025 agenda) and providing a larger volume pipeline of work creating greater economies of scale and greater resilience.

- 3.4 Sandwell MBC and Acivico each have a diverse property portfolio which varies greatly in age, size, type, purpose, occupancy and condition. Each party has a significant capital programme planned and whilst each also require a very comprehensive Repairs and Maintenance service which includes the following components:
- PPM - Statutory and Non-Statutory Planned Preventative Maintenance Programmes covering mechanical and electrical equipment, building fabric, structural elements and specialist systems.
 - RRM - Emergency and Responsive Repairs and Maintenance covering mechanical and electrical equipment, building fabric, structural elements and specialist systems.
 - MMW - Unplanned Minor Maintenance Works (typically up to £25k in value)
 - PMP - Planned Maintenance Projects (typically up to £500k in value)
- 3.5 The combined annual anticipated expenditure on Repairs & Maintenance that will be delivered through this framework is estimated to be circa £24M.
- 3.6 It is anticipated that the Framework will be delivering approximately double this overall value by the end of the Term through a combination of internal growth (Acivico and Sandwell MBC Customers) and external growth from other Contracting Entities joining the framework throughout the contract Term. This external growth is likely to be income generating for the administering partners i.e. Acivico and Sandwell MBC.
- 3.7 Similarly, the annual expenditure for the Capital framework would be in excess of £100m. It is anticipated that the Capital Framework will include 3 parties, Acivico, Solihull MBC and Sandwell MBC. Again, external growth is likely to be income generating for the administering partners i.e. Acivico, Solihull MBC and Sandwell MBC.
- 3.8 A review of the services provided under the repairs and maintenance current framework has been carried out prior to considering a new framework. On-going management costs from the main framework provider have been assessed as too high to be sustainable moving forward.
- 3.9 In consultation with Procurement Services it was agreed that a tender process in compliance with the Public Contracts Regulations 2015 would be required for the proposed repairs and maintenance framework. The refreshed Construction West Midlands framework will be tendered on this basis.

- 3.10 There is a risk however that the framework commencement date will not align with the on 1 April 2020 start date, therefore arrangements have been put in place to allow on-going works to be delivered in the interim.
- 3.11 The Term of both the repairs and maintenance and the capital projects Frameworks will be 4 years and 4 plus 2 respectively from the date of commencement unless terminated earlier.
- 3.12 The repairs and maintenance framework will be broken down into 2 Lots for the purposes of procuring. Lot 1 will be General Building and Lot 2 will be Mechanical & Electrical works.
- 3.13 The Framework(s) will provide delivery vehicles for the following: -
- Property repair and maintenance services
 - Capital construction projects
 - (other construction /property related /professional services as yet to be agreed)
- 3.14 Co-opted Frameworks that already exist, being delivered by Sandwell, to form part of the CWM offer, include: -
- Asbestos Sampling and Analysis
 - Asbestos Removal
 - Demolition
 - Legionella Testing and Inspection
- 3.15 The 'Co-opted Frameworks' will continue to be directly managed by Sandwell MBC.
- 3.16 Proposed Governance Arrangements for the CWM offer are proposed to be via a Strategic Steering Board with nominated members of each party to provide direction for the development of the suite of Frameworks. This body will be the decision maker for the suite of Frameworks.

Strategic Board

- Budget setting
- Framework Management Appointments
- Business Development Strategy
- Continuous Improvement
- Escalated Performance Issues

Co-ordinated Framework management

- Developing policy and practice
- Identifying joint training initiatives
- Product development
- Marketing/ promotional material
- Framework performance management

- Actively promoting framework
- Co-ordinating framework data (KPI's, cost benchmarking, etc.)
- Supporting external clients
- Managing Special Interest groups

3.17 Those individuals appointed to either the Strategic Board or Framework Management team will work on behalf of the Joint Working Arrangement either on a temporary/part-time or permanent basis but will remain as employees of their existing organisations.

3.18 All expenditure will be approved in advance by the Strategic Board.

3.19 It is suggested that the new Frameworks should be made available to all public customers fee-free at the point of access, with a levy being collected from contractors on all works they successfully deliver through the Frameworks and paid directly into the Joint Working Arrangement. Levy's would then pay for managements fees etc, with surpluses to be distributed amongst partners. Details are still to be ratified and quantified.

3.20 This report looks to support the council's journey to develop a more inclusive economy through a new approach to economic development – embracing community wealth building in its procurement activities. In so doing, the Council joins a progressive movement of UK local authorities and areas using this approach.

3.21 The framework will include respective construction charters, making sure local skills and suppliers are actively used.

4 THE CURRENT POSITION

4.1 The current framework arrangement with Solihull MBC comes to an end on 31 March 2020. An interim arrangement has been put in place further to Cabinet authority in August 2019.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 Individual contracts let for works under the proposed framework on council land and properties may require public consultation to be undertaken as part of the Statutory Planning process and throughout the delivery of the any specific project plans.

6 ALTERNATIVE OPTIONS

6.1 If the new framework is not put in place, then individual works would need to be procured on an item by item basis. This option would involve individual procurement exercises resulting in

- additional costs and time to appoint a suitable contractor for the works;
- reduced ability to react quickly in cases of urgent works;
- no income generation from outside bodies; and
- loss of a close working relationship with contractors across the identified works and a lack of consistency with risks to quality and value.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The proposed frameworks make no financial commitment or guarantee of levels of work to be let under the terms of the agreement.
- 7.2 The proposed frameworks cover specific and specialist works for design and land remediation to assist in the delivery of major public-sector construction projects.
- 7.3 The council has no overall design capital budget. Individual regeneration projects will be identified by the relevant Directorate during the project development stage. Finance for these projects, including any consultants' works will be approved during the project appraisal process where it will be evaluated by the council's strategic investment unit or relevant directorate boards.
- 7.4 Funding for individual capital works contracts let for works under the proposed framework on council land and properties, if the CWM framework is considered the most appropriate means of procuring services, will be required to have been approved by Strategic Finance following a Capital Project Appraisal or Revenue Budget approval.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The procurement exercise will be in compliance with The Public Contract Regulations 2015 and the Council's Procurement and Contract Procedure Rules.
- 8.2 The financial management of the proposed framework and any contract let under the framework will be carried out using the council's financial systems and according to its financial regulations.
- 8.3 Individual contracts will only be let under the proposed framework when respective Cabinet/Director approvals for budget expenditure have been received for the individual projects.
- 8.4 Joint Working Arrangements to be established by way of a Memorandum of Understanding (MOU) to enable the procurement process to begin, are to be later replaced by a formal legal Agreement.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 Individual contracts let for works under the proposed framework on council land and properties will be required to have been through a Capital Project Appraisal or Revenue Budget approval process where an Equality Impact Assessment screening exercise will be carried out.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 This report does not relate to the collection of personal information and therefore a privacy impact assessment is not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 Individual contracts let for works under the proposed framework on council land and properties will be required to have been through a Capital Project Appraisal or Revenue Budget approval process where the Corporate Risk Management Strategy (CRMS) will be complied with throughout, in identifying and assessing the significant risks associated with the individual projects. This would include (but not limited to) political, legislation, financial, environmental and reputation risks. A project risk register will be compiled and will be reviewed and updated on a regular basis. The risk register will be monitored by the project team.
- 11.2 Approval of the recommendations being sought, will assist in the mitigation of the directorate risk in respect of 'Repairs and Maintenance to operational premises' which is currently assessed as red.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 Individual contracts let for works under the proposed framework on council land and properties will be required to have been through a Capital Project Appraisal or Revenue Budget approval process where proposals for sustainability will be considered.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 Individual contracts let for works under the proposed framework on council land and properties will be required to have been through a Capital Project Appraisal or Revenue Budget approval process where the impact on health and wellbeing will be considered

13.2 The Public Services (Social Value) Act 2012 requires that all public service contracts at OJEU threshold are subject to appropriate social value criteria and that these contracts include some “added value” benefit to the community. The tender provides for 40% of the assessment to be based on a quality submission, which includes a social value component where appropriate.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 Individual contracts let for works under the proposed framework on council land and properties will be required to have been through a Capital Project Appraisal or Revenue Budget approval process where the impact on any Council managed property or land will be considered.

14.2 Having access to a new Framework contracts with an extended brief to cover most repairs & maintenance and capital projects will enable more detailed and consistent analysis to be undertaken and supporting services procured at the feasibility stage to better inform the project appraisal process.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The award of the proposed Construction West Midlands Frameworks will result in the following benefits:

- Saving cost and time when seeking to tender individual projects and to appoint suitable consultants for the works through an established mechanism designed to maximise both quality and value;
- The ability to react quickly in cases of urgent works;
- The potential to generate partnerships and close working relationships with specialist contractors on complex projects with health & safety and other critical issues.

16 BACKGROUND PAPERS

16.1 None.

17 APPENDICES

17.1 None