

18TH JUNE 2015

**REPORT OF THE
Portfolio Holder for Operations & Assets**

**DELIVERY OF CORPORATE PROPERTY REPAIRS, COMPLIANCE WORKS AND
CAPITAL WORKS THROUGH SOLIHULL FRAMEWORK AGREEMENT**

EXEMPT INFORMATION
NON CONFIDENTIAL/ CONFIDENTIAL

PURPOSE
<ul style="list-style-type: none"> ● To set out for Cabinet the benefits of procuring corporate property repairs, compliance works and capital works through the Solihull Metropolitan Borough Council framework agreement.

RECOMMENDATIONS
<ul style="list-style-type: none"> ● It is recommended that Cabinet approve Tamworth Borough Council joining the Solihull Metropolitan Borough Council framework agreement for a period of 5 years for the delivery of repairs, compliance works and capital works in relation to its corporate and investment property portfolio. ● That authority is granted to the Director of Assets & Environment to enter into a suitable contractual arrangement to facilitate delivery of this framework. ● Terminate compliance contract for corporate and investment properties and deliver through SMBC framework agreement. ● That any savings generated on repairs and maintenance and the compliance works estimated to be in the region of £44k through the use of the framework are reinvested in the in the property portfolio.

EXECUTIVE SUMMARY
<p>The Council currently spends in the region of £200,000 on repairs and maintenance of its corporate and investment property, a further £30,000 is spent on compliance works which include asbestos and Legionella testing. In addition to this there is a potential for circa. £250,000 of capital expenditure in relation to agile working subject to Cabinet approval releasing this project from contingency; this is within the scope of the tender.</p> <p>The current repairs contract with Mitie Property Services which was let in 2010 using the National Schedule of Rates (NSR) came to an end in March and there is now a need to procure a new contractual arrangement. The compliance contract has been let until March 2018 but is with the same Contractor on the Solihull framework.</p> <p>Having reviewed our options it has been identified that there is an opportunity to buy</p>

in to a framework agreement established by Solihull Metropolitan Borough Council working with Graham Environmental Services. The contract has been procured through an OJEU tender process and allows for all UK Local Authorities to join. Graham Environmental Services currently undertake our compliance works and are still under contract for these services. The contract has been let on an 'open book' basis with an element of contract management being provided by Solihull Metropolitan Borough Council.

As a relatively small property owner, with a relatively low level of spend each year our contracts have not proven to be particularly attractive to the market and we have struggled to get a balance between value for money and contractors with sufficient capacity and skills diversity to meet our needs, by being part of a larger framework agreement we are able to benefit from the wider economies of scale and have the services of a contractor with sufficient capacity and range to be responsive to our needs and demands.

Under the arrangement Tamworth Borough Council would retain the overall management of the works completed on its property so would retain control of the expenditure and response times.

To establish value for money a basket of typical repairs has been produced and costed using the rates being paid to our current supplier and the rates payable under the Solihull framework agreement. The works costs were calculated as being 31% less expensive under the Solihull framework; there is however a management fee applied of 12% of the total works cost but even after applying this we would see savings in the region of 22%, it is proposed that these savings would be reinvested back in to the repairs and maintenance of the corporate and investment property portfolio. It is unlikely that we could achieve this level of saving if we were to procure the works independently. The additional investment through savings would allow us to address some of the known backlog of repairs; in particular the industrial estates in Amington would benefit from additional investment in roofing and estate works in order to increase their income generating longevity. The savings from this agreement would also go some way to allowing routine planned preventative works to take place. It is unlikely that even at this level of saving all of the backlog and planned preventative works could be completed.

The 12% fee payable to Solihull covers a repairs reporting and handling service, including out of hours, it also provides a detailed property repairs database; this is something that if we were to take on ourselves would require significant levels of investment in IT software and in administration costs.

OPTIONS CONSIDERED

- Procure a single contract in-house – In order to be considered a viable contract for larger suppliers the contract period and contract values would need to meet the threshold for OJEU procurement. It is unlikely that we could achieve the sort of rates being achieved under the Solihull framework, it would require considerable input from our own limited resources in terms of both the tender process and the ongoing management. There is also the risk that larger suppliers would be reluctant to tender due to the low values and low margins.
- Procure multiple smaller contracts in-house – Whilst it is likely that we would be able to procure a series of smaller contracts to deliver our repairs it is unlikely that we would achieve the sort of rates that are being achieved under the Solihull framework. The management of smaller contractors is more

onerous and past experience has shown that smaller contractors are not always able to provide adequate resources.

- Deliver works on a job by job basis – whilst it would be possible to obtain quotations through in-tend on a job by job basis this would not be cost effective, would result in significant delays and would create a significant administrative burden.

RESOURCE IMPLICATIONS

- No additional staffing resource would be required.
- Minimal resource would be required in the contract establishment, procurement have already advised and some legal advice would be required.
- After taking account of fees payable to Solihull the overall cost of the works would be less than being paid under the current contract, this would allow us to complete more work for the same money.
- No additional budget will be required.
- All savings, estimated at £44k based on repairs and maintenance budgets identified above, will be reinvested in the property portfolio so there will be no savings returned to reserves for the reasons stated above..

LEGAL/RISK IMPLICATIONS BACKGROUND

- The contract has been properly procured through the OJEU process and is already well established and in use by a number of Local Authorities.
- There are robust contract management processes in place to manage the delivery and performance aspects of the contract.
- Buying in to a framework takes some of the control out of our hands, to mitigate this a clear management agreement with Solihull has to be established.
- There are greater external forces that can influence the ongoing contractual relationship than would be the case if we had a contractor of our own. The contract and management agreement are robust and will allow us to monitor and manage this.

SUSTAINABILITY IMPLICATIONS

This is a long term arrangement so will allow for longer term planning, the lower rates will allow for higher levels of spend on works and we will get more for our money. The contractor is co-located with Solihull and there are operatives in the vicinity at all times reducing travel times, costs and emissions.

BACKGROUND INFORMATION

- The current contract for repairs is with Mitie.
- The current contract for compliance works is with Graham Environmental Services.
- The Solihull frameworks agreement has been reviewed by the Procurement Officer and his advice is that there is no reason why Tamworth Borough Council can't legitimately be a party to the agreement.

REPORT AUTHOR

Paul Weston, Head of Asset Management

LIST OF BACKGROUND PAPERS

None

APPENDICES

None
