

Decision Maker: EXECUTIVE

Date: 10 July 2024

For Pre-Decision Scrutiny by the Executive, Resources and Contracts Policy Development and Scrutiny Committee on Monday 8 July 2024

Decision Type: Non-Urgent Executive Non-Key

Title: CONTRACT EXTENSION: MECHANICAL & ELECTRICAL MAINTENANCE CONTRACT

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Chief Officer: Sara Bowrey, Director of Housing, Planning, Property and Regeneration

Ward: All Wards

1. REASON FOR REPORT

- 1.1 In July 2023 the Portfolio Holder for Resources, Commissioning and Contract Management approved a one-year extension to the Contract with B&M McHugh for the Periodic Servicing and Inspection, Routine and Responsive Maintenance and Out of Hours Emergency Callouts (Reactive Repairs and Planned Maintenance) to Mechanical and Electrical Installations in Corporate Property and Similar Facilities.
 - 1.2 The current Contract commenced on 1st October 2021 with an expiry date of 30th September 2023. Within the Contract is a formal extension option of up to two years. The current one-year extension to the Contract expires on 30th September 2024.
 - 1.3 This report, together with the accompanying Part 2 report, seeks approval to apply the second one year formal extension option to the Contract with B&M McHugh for Reactive Repairs and Planned Maintenance to Mechanical and Electrical Installations in Corporate Property and Similar Facilities.
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2. RECOMMENDATION(S)

- 2.1 That the Executive, Resources and Contract Policy Development and Scrutiny Committee is asked to note and make any comments available to the Councils Executive.

2.2 The Councils Executive is recommended to approve the second one-year extension to the Mechanical & Electrical Reactive Repairs and Planned Maintenance Contract held with B&M McHugh Ltd as set out in the Part 2 Report.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Refer to Part 2
 2. Ongoing costs: Refer to Part 2
 3. Budget head/performance centre: Repairs and Maintenance Budget
 4. Total current budget for this head: Refer to Part 2
 5. Source of funding: General Fund Budget 2024/25
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Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: Detailed in report
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Property

1. Summary of Property Implications: Detailed in report
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:
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Impact on the Local Economy

1. Summary of Local Economy Implications: N/A
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Impact on Health and Wellbeing

1. Summary of Health and Well Being Implications: N/A
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Customer Impact

1. Estimated number of users or customers (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The report submitted to the Portfolio Holder for Resources, Commissioning and Contract Management of the 3rd July 2023 outlined the background of the 5 year Amey Total Facilities Management (TFM) Contract and the transition from an outsourced service to one being bought back into house in October 2021.
- 3.2 The report highlighted the intention following the insourcing for a strategic review of FM services alongside the delivery of the Operational Property Repair programme to help address the condition of the operational estate and reduce maintenance liability in the long term. The Operational Property Repair Programme is now underway.
- 3.3 The report highlighted that since the insourcing exercise it had been identified that the data sets provided by and the responsibility of the previous TFM Contractor were in some instances absent or incomplete, such as asset register service records.
- 3.4 Whilst some progress has been made, this information currently remains incomplete and is required prior to embarking on any new procurement process for the mechanical and electrical reactive maintenance and PPM contract or the various other compliant contracts across the operational estate that conclude on 30th September 2025.
- 3.5 Whilst the issue of asset register service records is being addressed and the wider FM delivery strategy discussions are on-going, there is a need to ensure that the operational estate is maintained and as a result extend the existing Mechanical and Electrical Services contract with B&M McHugh as part of this.
- 3.6 The proposed extension to the existing B&M McHugh contract will allow sufficient time for the asset register to be completed, the new mechanical and electrical contract documentation to be compiled for procurement and fall into line with completion dates of the other current service and compliant supplier contracts.
- 3.7 This will also provide time for a wider review of the scope for procurement options for service contracts across operational property as a whole and the facilities support contract at Churchill Court to be undertaken. This will be the subject of a separate report to Members by the new Head of Facilities Management, who takes up the post in September 2024.
- 3.8 The second one-year contract extension will be for a term from 1st October 2024 until 30th September 2025 with a mutual break on three months' notice from either party.

4 Options Appraisal Summary

- 4.1 **Do Nothing (option one).** This option is not recommended as the service is necessary for the maintenance of the Councils property portfolio and compliance with relevant legislation.
- 4.2 **Retender the service (option two).** This is the recommended option for the longer term but requires an asset register to be completed to facilitate the correct specification allowing engagement with the market and alternative contracts to be procured. There is also the need to consider/agree the overall commissioning strategy for the maintenance of the property portfolio before embarking on procurement.
- 4.3 **Extend the contract for a second year (option three).** This is the recommended option, as it will allow the essential services to continue pending the completion of an asset register exercise and preparing to proceed to procurement for replacement contracts based upon the agreed commissioning strategy for the maintenance of the property portfolio. The extension will include

a mutual break on three months' notice from either party. This will allow flexibility in managing the subsequent procurement exercise.

5. Tender Summary

- 5.1 Over the past 12 months B&M McHugh performance on this contract for the Council has stabilised in terms of their contract management and delivery of service. B&M McHugh have increased their workforce to suit the changing requirements and volume of demand placed on them by the Council to service this contract and the management of same, and the Council are satisfied that this service level will be maintained throughout this 2nd year extension to the contract.
- 5.2 The proposal is to extend the existing mechanical and electrical contract with B&M McHugh for a further twelve months. The additional period of 12 months, being the second and final year extension of this existing contract awarded in October 2021.
- 5.3 The specification and works undertaken are identical to the contract specification and work stream as currently being provided under the mechanical and electrical contract commenced on 1st October 2021 by B&M McHugh.
- 5.4 This proposed one year extension relates to the current contract and enables the wider procurement to provide a comprehensive solution to the Council's Facilities Management service contracts.

6. STRATEGIC APPROACH TO FM SERVICE DELIVERY

- 6.1 The approach to delivering the wider FM service is complex and will require a number of actions running in sequence. The strategy will be based on the following work streams:
 1. Complete a comprehensive asset register.
 - 2. Cross reference this with existing contract scopes to establish gap analysis of ----- service provisions in place
 3. Retendering and alignment of all contracts (including new Civic Centre which is to be in place by July 2025) reflecting the known requirements informed by the completed asset register.
- 6.2 A separate Report will be brought to Members in September 2024 setting out the proposed strategic approach to FM Service Delivery. This will include a key milestone programme demonstrating how the new strategy will be in place by September 2025 when current contracts are due to expire.
- 6.3 The proposed contract extension will allow the Council time to procure and instruct a specialist Asset capture company to carry out a detailed asset capture and verification exercise on both the corporate estate and other significant assets to ensure we all assets are maintained correctly and in accordance with relevant legislation and manufacturers legislation.
- 6.4 In the interim period, there is a need to extend the existing Mechanical and Electrical Services contract with B&M McHugh to ensure continuity of service pending the outcome of the Asset Register exercise and implementation of a broader procurement strategy.

7. SOCIAL VALUE, CARBON REDUCTION AND LOCAL / NATIONAL PRIORITIES

- 7.1 The proposed contract extension ensures that the Council continue to maintain their operational property ensuring health & safety compliance.

8. TRANSFORMATION/POLICY IMPLICATIONS

8.1 It is essential that the Council manages its assets to meet its aims and objectives.

9. STAKEHOLDER ENGAGEMENT

9.1 The FM Team work closely with all the operational services in the Council and the wider FM strategy will provide a greater emphasis on planned maintenance leading to improved service delivery.

10. STRATEGIC PROPERTY CONSIDERATIONS

10.1 The proposed extension provides continuity of service delivery in compliance with the Council's obligations.

11. PROCUREMENT CONSIDERATIONS

11.1 The report seeks a one-year extension to the contract with B&M McHugh, utilising the formal extension options built into the contract, based upon a forecast value referred to in the Part 2 Report.

11.2 The Council's requirements for authorising an extension are covered in CPR 23.6 and 13.1. For an extension of this value, the Approval of the Executive, with agreement from the Portfolio Holder, Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance, must be obtained. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.

11.3 Following Approval, the extension must be applied via a suitable Change Control Notice, or similar, as specified in the contract.

11.4 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

12. FINANCIAL CONSIDERATIONS

12.1 Refer to Part 2.

13. LEGAL CONSIDERATIONS

13.1 Members are requested to approve the award of a second one-year contract extension, from 1st October 2024 until 30th September 2025, to the Mechanical & Electrical Reactive Repairs and Planned Maintenance Contract held with B&M McHugh Ltd under its existing contractual terms.

13.2 There is a range of specific legal duties which requires the Council to undertake maintenance of its properties. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff and members of the public can lead to both criminal and civil liability.

13.3 This is a Formal Contract Extension as defined by the Council's Contract Procedure Rule 23.6 and can proceed in accord with that Rule and the terms of the original contract.

Non-Applicable Headings:	7,11,13,14,15
Background Documents: (Access via Contact Officer)	Contract Extension: Mechanical & Electrical Reactive Repairs and Maintenance 3 rd July 2023