



City of Westminster

Cabinet Member Report

Meeting or Decision Maker:	Cabinet Member for Finance & Council Reform
Date:	04 July 2022
Classification:	General Release
Title:	The appointment of a reactive repairs contractor
Wards Affected:	All
Key Decision:	This is a Key Decision and an entry has been included for 28 days on the list of forthcoming decisions
Financial Summary:	The contract value is estimated at up to £7.5m based on an estimated maximum yearly spend of £1.5m. The exact contract value is unknown as the nature of work is for reactive repair and maintenance works as they arise.
Report of:	Executive Director for Finance & Resources – Gerald Almeroth

1. Executive Summary

- 1.1 The purpose of this report is to obtain endorsement for a direct award of contract for Reactive Repairs & Maintenance to Galliford Try Facilities Management Ltd. The contract is for a period of three years with the ability to extend for a further two years.

2. Recommendations

- 2.1 That Galliford Try Facilities Management Ltd are awarded the contract for Reactive Repairs and Maintenance for a period of three years with the ability to extend for a further two years.

3. Reasons for Decision

- 3.1 The management of the Leisure and Schools estate recently transferred to Corporate Property as part of the move to a centralised Corporate Landlord model. This revealed opportunities to enhance the previous arrangements for repairs and maintenance of some properties. This includes the procurement of a dedicated contractor to manage urgent work. This will avoid any risk of premises closures and/or statutory compliance breaches. A procurement exercise has been conducted via the Direct Award provision through the Fusion21 Framework. This Cabinet Member Report sets out the procurement process undertaken and rationale for recommending Galliford Try Facilities Management Ltd to be awarded the contract for reactive repairs.

4. Background, including Policy Context

- 4.1 Due to timeframe constraints the route to market utilised a Framework deemed most appropriate. The project team conducted a review of appropriate frameworks that would be able to provide minor reactive repairs and maintenance on Westminster owned Schools, Leisure and other operational buildings. This included a suitable benchmarking and market research exercise. Fusion 21's Workplace and Facilities Framework, Lot 1 – Principal Contractor was identified as the framework that fits the needs of this service request. Due to the urgency of the requirement an approach to direct award to a suitable provider registered on this Lot was taken. With the support of the Framework Manager the project team compiled a Request for Proposal document with a specification for a direct award negotiation process under Lot 1 of the Fusion 21's Workplace and Facilities Framework. Such direct award negotiation for variable costs for specific projects is permitted under the Framework rules. This represented an opportunity to verify that the selected provider on the Lot was able to provide the required services meritoriously and with value for money. The provider was also invited to a clarification meeting with the project team.
- 4.2 As a framework provider Fusion21 is a Social Enterprise whose mission includes value for money, social value and sustainability. Galliford Try's proposal suggests that they have a mature and well considered approach to Responsible Procurement / Social Value based around six Sustainability and Social Pillars.
- 4.3 Galliford Try have demonstrated a good level of alignment with Council priorities within which they have set out their track record and potential responsible

procurement deliverables for the contract. Galliford Try have not set out specific, tailored deliverables and timelines due to the reactive nature of the contract and unknown level of work and spend that will be commissioned. Therefore, as early as practicable during contract mobilisation, the council's Responsible Procurement and Social Value leads will liaise with the relevant contract delivery personnel to mutually agree upon deliverables/spend threshold. These deliverables will be tailored according to the council's and the contractor's current priorities, skill sets and strengths.

- 4.4 Galliford Try has committed to paying the Real Living Wage to all directly employed colleagues over the age of 18. This is a voluntary initiative calculated according to the cost of living, based on a basket of goods and services. Galliford Try's key supply chain partners are all committed to paying the London Living Wage as a minimum.
- 4.5 Galliford Try's vision is to *"take our role in society seriously, working to improve the UK's built environment and delivering lasting change for the communities we work in"*. It is committed to paying the London Living Wage to all directly employed colleagues across Greater London. Galliford Try's proposed supply chain partners are also all committed to paying the London Living Wage as a minimum. To further show its commitment Galliford Try has committed to paying the Real Living Wage to all directly employed colleagues across the UK over the age of 18. This is a voluntary initiative calculated according to the cost of living, based on a basket of goods and services. The Real Living Wage is the equivalent of London Living Wage for those employees based outside London.

5. Financial Implications

- 5.1 It has not been possible to accurately forecast the spend that will be channelled through this contract. However, comprehensive condition surveys are due to be commissioned shortly for these properties which will give a clearer indication of the extent of the liabilities that will be addressed via the contract.
- 5.2 However, given that this is now going to be part of the centralised corporate arrangements (Corporate Landlord Model), there is a high level of confidence that there will be sufficient funding in place to operate the contract. As there is no commitment to any volume through this contract, if the council does not have sufficient funding in place in any one year, then no work will be procured via this contract.
- 5.3 The spend going through the contract will be a mixture of revenue (e.g. repairs) and capital. It is anticipated that the majority of the spend will be capital, particularly relating to schools where revenue budgets are delegated to schools who will have responsibility for minor repairs and maintenance. The capital budget will be a Corporate Property budget and the Head of Capital Programmes is the budget holder. Revenue costs (leisure centres) will also be covered by a Corporate Property budget. The budget holder for this is the Head of Estates Management. Both budget holders have confirmed the use of their budgets to fund this contract.
- 5.4 The driver for the proposed contract is to ensure compliance and mitigating risk. In addition, there is a great deal of uncertainty regarding what repairs and maintenance might be required at a property that it renders it impossible to

determine in absolute terms if savings can be achieved compared to prior years. The framework ensure that costs are benchmarked and thus competitive, whilst simultaneously offering operational efficiency.

5.5 The relevant allocations to which property will have access to are:

Revenue

There are £2.4m of premises budget allocated to repairs and maintenance with a further £2m allocated to hired and contracted services. However, £2.6m of this is associated with the Facilities Management fixed fee contract, leaving a balance of £1.8m.

Capital

Landlord Responsibilities Capital Allocation £4.0m, there is no expected reprofiling from 2021-22

Minor Works Operational Portfolio £0.350m, plus any approved reprofiling from 2021-22 (potentially £0.435m)

Schools Minor Works Projects - £0.4m, plus any approved reprofiling from 2021-22 (potentially £0.323m)

Leisure Review Maintenance - £0.57m, plus any approved reprofiling from 2021-22 (potentially £0.469m)

Sayers Croft Refurbishments - £0.09m

5.6 There will be no long-term fixed volume commitment within the contract. There is though one fixed annual cost of £16,405 (plus Contract Fee) to cover the contractor's fixed operating costs. This was calculated on a turnover of £500k per annum and should the contract turnover vary the fixed establishment cost may also vary.

5.7 The costs for individual pieces of work (e.g. repairs) will be passed through from Galliford Try as the cost to Galliford Try plus the Contract Fee submitted as part of the original Fusion21 framework tender, being 13.3%.

5.8 The call-off contract for a direct award is cost reimbursable meaning it is commercially relatively low risk for Galliford Try. In terms of the commercial risk share, this means that Galliford Try has not needed to price unknown, unspecified, or unnecessary risks and for risks that WCC is better placed to manage. It has the added advantage that the contract can quickly adapt to WCC's potentially changing or presently unknown requirements and a transparent and simple mechanism to price them.

6. Legal Implications

6.1 The proposed contract is for a direct call-off from Fusion 21 Workplace & Facilities Framework Lot 1, which is a framework procured under the Public Contract Regulations 2015 (as amended). This Framework is valid for call-offs till 28th Feb 2025.

6.2 The proposal is to make a direct call-off from this Framework Lot 1 – Principal Contractor to M/s Galliford Try Facilities Management Limited for a period of 3 years extendible by two further years. The threshold for this framework lot is

£250m. The Framework provisions provide for the call-off to have this term of 3 + 1+1 years.

- 6.3 Under the direct call-off procedure, the Framework rules permit negotiations with the selected supplier with fixed costs based on the framework rates and variable costs being agreed for each specific project works based on the specification issued for the direct call-off. Fusion 21 as the Central Purchasing Body has conducted this RFQ and the due diligence for the Council and have advised on the use of direct award and negotiations under the Framework rules. The anticipated call-off amount over 5 years is expected to be to the tune of £7.5m.
- 6.4 Based on this report, such proposed direct call-off award from the Lot 1 of the Fusion 21 Workplace & Facilities Framework, would be in fulfilment of the Council's obligations under the Public Contracts Regulations.
- 6.5 The call-off contract format being used is the JCT Prime Cost Contract (PCC). This is listed within Schedule 3 of the Framework Agreement as one of the permissible forms of call of contract. Fusion21 has a standard schedule of amendments for the PCC included within Schedule 20 of the Framework Agreement. These amendments cover areas such as PCR2015, CDM2015, GDPR, and TUPE. Such PCC form of contract with the standard amendments would be appropriate for this works contract. Fusion21, as the Framework administrator, will prepare a draft proposed contract based on the Framework terms and Galliford Try's proposal for the Authority to review. The call-off will need to be executed as a Deed due to the contract value.

7. Carbon Impact

- 7.1 Maintaining our properties and reacting quickly when the fabric or components fail, ensures that the buildings operate as efficiently as possible. As components reach the end of their life, and in particular Mechanical & Electrical components, the Corporate Property team will assess the best replacement parts, technologies and strategies, having due regard to initial capital costs, lifecycle, annual maintenance costs and carbon impact.

8. Consultation

- 8.1 Not Applicable.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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APPENDICES

None

BACKGROUND PAPERS

None

For completion by the **Cabinet Member for Finance & Council Reform**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor David Boothroyd**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled “The appointment of a reactive repairs contractor” and reject any alternative options which are referred to but not recommended.

Signed: _____

Cabinet Member for Finance & Council Reform

Date: _____

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.