

CENTRAL SERVICES CABINET MEMBER MEETING

Agenda Item 46

Brighton & Hove City Council

Subject:	Building Maintenance Surveying Consultancy (1 September 2005 – 31 August 2012)		
Date of Meeting:	18 January 2010		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Angela Dymott	Tel: 29-1450
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Key Decision:	Yes	Forward Plan No: CS14111	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 In May 2005, the Policy & Resources Urgency Sub-Committee (P&RU) approved the award of a five-year building maintenance consultancy services contract for education & social care properties with an option for a further two-year extension. P&RU's approval made no provision as to which decision-making body or person within the council would have authority to exercise the option. As Policy & Resources approval was an executive decision the same is true as regards the contract extension and it falls to the Central Services Cabinet Member to give the necessary authorisation to delegate authority to the appropriate officer, the Director of Finance & Resources.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member grants the Director of Finance & Resources delegated authority to extend the council's existing building maintenance consultancy contract for education and social care properties for a further period of up to two years.

3. RELEVANT BACKGROUND INFORMATION / CHRONOLOGY OF KEY EVENTS:

- 3.1 On 24 May 2005, the Policy & Resources Urgency Sub-Committee resolved to award, subject to contract, the council's building maintenance consultancy service for education and social care properties to NPS South East Ltd (formerly NPS Property Consultants Ltd) for a five-year period with an option of a two-year extension.

- 3.2 Prior to tendering this contract in 2005 and based on previous experience it was clear that there are advantages to be gained in giving the council greater flexibility under the consultancy contract particularly regarding timing of the renewal. A key consideration being that renewal might come due at a time, or in circumstances, when a rigid timescale could be to the council's disadvantage. This concept was approved by the Policy & Resources Committee in the initial procurement report on 17th November 2004 for approval to tender and incorporated into the procurement documents. Similar flexibility has been built into other council contracts.
- 3.3 The terms of the contract specify that the Council serve notice by 1st February 2010 regarding its intentions to invoke the extension of the contract. Initial discussions have taken place with the current contract holder to confirm their willingness to accept such an extension on the same terms, conditions and fee levels.
- 3.4 Where the council's executive resolves to authorise a five-year contract with an option for a 2-year extension, the resolution should include a provision specifying who has authority to grant the extension. In the case of this contract, however, P&RU's resolution made no reference to authority levels and it therefore becomes necessary to seek Cabinet Member approval to grant authority to the appropriate person.
- 3.5 Having implemented P&RU's contract decision in 2005, and having worked closely with the contract holders since then, the Assistant Director of Property & Design is best qualified to make a decision about whether to extend the contracts.
- 3.6 It is therefore recommended that Cabinet Member Meeting grant delegated authority to the Director of Finance & Resources to make that decision.

4. CONSULTATION

- 4.1 A full tendering process for this work was undertaken at the time under OJEU Regulations, and the contract entered into allowed for the extensions referred to here. A review of the current contract holder's performance took place during September 2009 led by Property & Design and involving stakeholder representatives. This confirmed that the current contract holder's performance was sufficient to justify an extension.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications

- 5.1 As set out in Section 6 of this report, an extension of the current contract is considered to be the best option in terms of representing value for money. The annual cost of the contract is almost entirely based on a fixed percentage of the cost of work designed or procured through the consultancy contract and currently stands at approximately £300,000 per annum across both the education and social care portfolios. The costs of the contract will be met from existing service budgets within the general fund.

The consultancy services fee basis during the extended contract period will be on exactly the same terms and conditions as originally procured, i.e. with no cost change.

Finance Officer consulted: Alasdair Ridley

Date: 09/12/2009

Legal Implications

- 5.2 The extension to this contract was provided for in the original contract which was procured in accordance with the relevant EU law and accompanying UK Regulations. The Council must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Lawyer consulted: Alison Leitch

Date: 08/12/2009

Equalities Implications

- 5.3 None identified.

Sustainability Implications

- 5.4 None identified.

Crime & Disorder Implications

- 5.5 None identified.

Risk & Opportunity Management Implications

- 5.6 None identified.

Corporate / Citywide Implications

- 5.7 None identified.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 An exercise has been undertaken to compare the costs of the existing contract with an in-house option. Based on current staffing and resource levels, the in-house cost was calculated at £30,000 a year more expensive against the current annual £300,000 cost. In addition, at the current time an external contract is seen as having advantages in terms of the flexibility of service provision.
- 6.2 The other option would be to re-tender the contract but even in the current economic climate it is felt likely that, based on current consultancy fee rates and the fact that the original NPS bid was considerably less than their competitors, any new tendered rates would exceed current contract levels making an extension the most economically advantageous solution.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The current contract holder, NPS South East Ltd, provides value for money in providing building maintenance consultancy services, a fact demonstrated by the results of the tendering process in 2005. At that time a detailed weighted scoring matrix was used to evaluate the bids; NPS South East Ltd had an overall score of 76% compared with the other tenderers at 64%, 56% and 43%.

In addition, the basic percentage fees charged for the various types of work under the contract remain competitive with fees currently being charged by other companies on similar works.

- 7.2 The original report to the P&RU Sub-Committee dated 24 May 2005 omitted to include a provision for delegating to the Authorised Officer (namely the Director of Finance & Resources) authority to extend the contract on behalf of the council. This report seeks to rectify that omission and enable the Director of Finance & Resources to extend this contract up to the maximum two year extension allowed under the contract subject to continuing performance. Having implemented the Policy & Resources Urgency Sub-Committee contract decision in 2005 and having worked closely with the contract holders, NPS South East Ltd, since then, the Assistant Director of Property & Design is best qualified to make a decision about whether to extend the contract.
- 7.3 It is therefore recommended that the Central Services Cabinet Member grants delegated authority to the Director of Finance & Resources to make that decision.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents In Members' Rooms:

1. None

Background Documents:

1. Report of the Director of Finance & Property to the Policy and Resources Urgency Sub-Committee dated 24 May 2005 (Agenda Item No. 3)