

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ECONOMIC GROWTH AND NEIGHBORHOOD SERVICES

TO:	POLICY COMMITTEE	
DATE:	21 SEPTEMBER 2022	
TITLE:	BUILDING SERVICES MECHANICAL & ELECTRICAL CONTRACT AWARD	
LEAD COUNCILLOR:	CLLR LENG	PORTFOLIO: PLANNING & ASSETS
SERVICE:	PROPERTY & ASSET MANAGEMENT - FACILITIES	WARDS: BOROUGHWIDE
LEAD OFFICER:	CHARAN DHILLON	TEL: 07817 085309
JOB TITLE:	ASSISTANT DIRECTOR PROPERTY & ASSET MANAGEMENT	E-MAIL: <a href="mailto:charan.dhillon@reading.gov.uk">charan.dhillon@reading.gov.uk</a>

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This paper seeks Policy Committee's approval to procure, award and enter into several new mechanical and electrical (M&E) contracts for planned preventative maintenance and reactive repairs, through the Westworks Dynamic Purchasing System, for:

- Water Treatment (legionella);
- Lift Servicing and Maintenance; and
- Maintenance of the Trend Building Monitoring System (BMS) (together the M&E Contracts).

1.2 The M&E Contracts are critical for the Council and necessary to maintain statutory compliance and to ensure that services such as heating, lifts, water systems and automated equipment are kept safe, functional and running at maximum efficiency.

2. RECOMMENDED ACTION

2.1 That the Executive Director of Economic Growth and Neighbourhood Services in consultation with the Lead Councillor for Planning and Assets, the Director of Finance and Assistant Director of Legal & Democratic Services be authorised to procure, award and enter into the M&E Contracts for planned preventative maintenance and reactive repairs, through the Westworks Dynamic Purchasing System and be given approval to delegate any subsequent contract extension or variation in line with the contract terms for:

- (i) Water Treatment (legionella) for the period 1<sup>st</sup> November 2022 to 31<sup>st</sup> October 2027.
- (ii) Lift Servicing and Maintenance for the period 1<sup>st</sup> November 2022 to 31<sup>st</sup> October 2027; and
- (iii) Maintenance of the Trend Building Monitoring System for the period 1<sup>st</sup> November 2022 to 31<sup>st</sup> October 2027.

### **3. POLICY CONTEXT**

- 3.1 The Council as an employer must, as far as is reasonably practicable, safeguard the health, safety and welfare of its employees under Section 2 of the Health and Safety at Work etc Act 1974, in particular a safe place of work with safe access and egress, this also applies to the public under section 3 of the said Act.
- 3.2 In addition, the Council has responsibilities for the safety of its property portfolio under the Building Act 1984, under which regulations have been issued concerning asbestos, water management, electrics, wiring, lighting, ventilation, materials, structure testing, resistance to moisture etc. There is also fire legislation in relation to the building, materials etc.
- 3.3 The M&E Contracts are necessary to achieve the above legal requirements as well as assisting the Council to comply with its statutory duties under numerous regulations and codes of practise covered by these contract areas.
- 3.4 The individual M&E Contract values are between £400,000 and £2.5 million. Authority to proceed with procurement in adherence with the Council's CPR's is sought along with delegation for the Executive Director of Economic Growth and Neighbourhood Services to award the M&E Contracts upon completion of the prescribed tendering and evaluation processes in accordance with the provisions of the Westworks Dynamic Purchasing System.

### **4. THE PROPOSAL**

#### **4.1 Current Position:**

- 4.1.1 Corporate Property Services manage contracts with external contractors for planned and reactive maintenance to the majority of the Council's corporate buildings (including the Civic Centre, the Town Hall and the Hexagon), Brighter Futures for Children, a large number of schools under an SLA and sheltered housing units and housing blocks. With the assistance of the Procurement team, the intention is to procure all of the M&E Contracts via the Westworks Dynamic Purchasing System.
- 4.1.2 Reading Borough Council currently spends in the region of £250,000 per annum on building services for the management of Water Treatment (legionella) and maintenance of Lifts and the Trend BMS, which control and monitor the building's mechanical and electrical equipment such as ventilation, lighting, heating and cooling.
- 4.1.3 All current contracts relating to the services referred to at paragraph 4.1.2 above of this report are either due or overdue for renewal and there is therefore a need to go to out to the market to reprocure these services in order to: (i) achieve best value; and (ii) to comply with the Council's CPR's for the continued delivery of these critical services. Should framework analysis or commercial research identify a better value route in line with CPRs, e.g. Open process, alternate framework, these may be used instead.

#### **4.2 Options Proposed**

- 4.2.1 All the services supplied by these various contracts are of a specialist nature for which the Council does not directly employ appropriately trained staff and it is custom and practise for organisations the size of local authorities to purchase such services via specialist contractors or through a multi-disciplined Facilities Management contractor.
- 4.2.2 Whilst termed "specialist" there are numerous companies including local SMEs (Small, Medium Enterprises) that can provide the work required. The intention is therefore to

go to market and procure a contract offering best value for each work area via a measured term contract via the Westworks Dynamic Purchasing System.

- 4.2.3 Each M&E Contracts will be for a term of 5 years each and the tender returns shall be evaluated on both price and quality submissions in accordance with the terms of the Westworks Dynamic Purchasing System.

### 4.3 Other Options Considered

#### 4.3.1 Direct Employment of Staff

These contracts cover a wide variety of M&E disciplines. They stand alone as individual specialisms which would need specifically trained engineers with suitably competent supervision. The volume of work would not be sufficient to directly employ staff and the economies of scale are maintained by contractors, as they will have multiple similar contracts in the surrounding area.

## 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The recommendations in this report are designed to ensure the efficient delivery of key Council services. This supports corporate plan aims as follows:

- **Healthy Environment** - this procurement supports tackling climate change and working towards our goal of a carbon neutral town by 2030, by ensuring that our mechanical and electrical equipment which uses energy is well maintained providing for optimum performance while also working with specialist to always review the quality and performance of our kit, understanding how implementing improvements can support the reduction of carbon emissions.
- **Thriving Communities** - This procurement supports the employment of small, medium enterprises (SMEs) helping to tackle the effects of the pandemic on small local businesses. The safety of our properties is essential, in particular those used by vulnerable adults and children in our communities therefore ensuring that we provide assets that are fit for purpose, compliant and safety is paramount.
- **Inclusive Economy** - This procurement supports us in keeping Reading at the forefront of advances in technology as we utilise developments that enable us to use more efficient equipment in our buildings reducing our carbon emissions.

## 6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 These contracts make a small contribution to environmental and climate impact but not to the extent of requirement an impact assessment. Regular maintenance of existing M&E systems and equipment ensures that they work at their optimum efficiency, so by keeping their energy use at an optimum.

## 7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 The procurement of mechanical and electrical services maintenance is essential for the delivery of compliant and fit for purpose Council buildings and does not require consultation.

- 7.2 Information about the process and the chosen supplier would be available to the public.

## 8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to –
- eliminate discrimination, harassment, victimization and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2.1 Having carried out an initial assessment, this decision is not expected to have a differential impact on those with protected characteristics and therefore no Equality Impact Assessment is required for the M&E Contracts.

## **9. LEGAL IMPLICATIONS**

9.1 The Council intends to use Westworks Dynamic Purchasing System (DPS) for the M&E Contracts. The Westworks DPS has been established using the restricted tendering process as set out in Regulation 34 of the Public Contracts Regulations 2015 (PCRs) to appoint the DPS suppliers.

9.3 A mini competition shall be conducted under the Westworks DPS and subsequently a call-off contract will be entered between the Council and the successful tenderers for each M&E Contract awarded. Contracts will be procured in line with CPR 5 and/or 9; both options are in compliance with the Public Contracts Regulations 2015 and all relevant notices will be verified and published as required.

## **10. FINANCIAL IMPLICATIONS**

10.1 Currently the budget for all mechanical and electrical maintenance is held centrally by Corporate Property Services. The annual costs of this maintenance for the following years is forecast based on previous year costs and present charges. The supplier's margin is known and set for the term of the contract. The awarding of this contract has no specific financial impacts as expenditure is within the existing budgets of the council. However following trends in increase in material prices in the industry due to economic factors, there may be some impact on budget, however this will not be known until the market submit their interest and prices.

## **11. BACKGROUND PAPERS**

None.