



Signed off by	Chief Finance Officer
Author	Daniel Jones, Property Services Manager
Telephone	Tel: 01737276872
Email	daniel.jones@reigate-banstead.gov.uk
To	Executive
Date	Thursday, 14 December 2023
Executive Member	Portfolio Holder for Commercial and Community Assets

Key Decision Required	Y
Wards Affected	All Wards

Subject	Procurement of General Building Works (Planned Preventative Maintenance) and Capital Building Works Contracts
----------------	---

Recommendations

- (i) **The award of a three year contract to Bennetts Builders Limited as the provider of general building works (planned preventative maintenance) from 1 March 2023 to 31 February 2026, as set out in the exempt report in Part 2 of this agenda.**
- (ii) **The award of a three year contract to SW Nichols Limited as the provider of capital building works from 1 March 2023 to 31 February 2026, as set out in the exempt report in Part 2 of this agenda.**

Reasons for Recommendations

The Council has previously approved budgets for building works to ensure that assets are maintained in good condition.

Procuring building works contracts ensures that the Council achieves value for money when spending these budgets on various elements of repair, maintenance and other work required to Council-owned buildings and sites.

The general building works contract is required to replace a previous contract, with revised requirements to reflect changes in the property portfolio.

In addition, procurement of the new capital building works contract will enable the Council to be more agile in carrying out minor capital works to enable the letting of commercial property. This will assist in minimising void periods and maintaining commercial income streams. It will also enable preparation of newly-acquired housing property for occupation more quickly.

Cost rates for the distinct types of work specified in the contracts have been minimised through open competition and are fixed for the duration of the contracts, which are both for three years with the option of extending for two additional one-year periods.

Executive Summary

As a result of changes to the Council's property portfolio and changes to service requirements, the Council needs to procure new building works contracts for both general building maintenance and repairs and capital building works. Expenditure under both contracts will be funded from existing approved budgets.

Both contracts will provide cost certainty for the 3-5 year contract term, based on competitive rates secured through an open market bidding process.

The contracts will assist in ensuring that the property portfolio is maintained in good condition and is carrying out minor capital works that are required to facilitate new lettings or retention of existing tenants.

Executive has authority to approve the above recommendations

Statutory Powers

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation.
2. Section 1 of the Local Government (Contracts) Act 1997 gives local authorities the power to enter into contracts in connection with the discharge of its functions.

Background

3. As a result of changes to the Council's property portfolio, changes to service requirements and to ensure best value, the Council has to procure two new building works contracts.
4. One of these contracts will cover day-to-day general planned preventative building maintenance and repair work, funded from the revenue budget, and the other will cover capital building works funded from the approved capital programme.
5. The contracts will both be let for an initial 3-year period with options for the Council to extend the terms each contract for two additional one-year periods.
6. Executive approval is required for these contracts in accordance with the financial thresholds set out in the Council's Contract Procedure Rules.

Key Information

Property Portfolio Changes

7. The Council's Housing team has recently been acquiring additional residential property to assist in the provision of temporary accommodation instead of using bed & breakfast accommodation.
8. Responsibility for the maintenance of housing properties has recently transferred to the Property team and it is now necessary to include these within the remit of the general building works contract and to make provision for minor capital works that are required to prepare the properties for occupation and to improve the environmental sustainability of the properties.
9. In addition, the remit of the general building work contract has also been revised to include those of the Council's commercial properties for which the Council, rather than the tenant, has direct maintenance responsibility, albeit the costs of these works are recoverable through service charge arrangements when occupied.

Changes to Service Requirements

10. The commercial element of the property portfolio continues to provide a significant income stream for the Council but the market remains highly competitive in terms of attracting tenants to vacant property.
11. The Council, as a commercial property owner, increasingly needs to carry out works to prepare vacant property for the market in order to attract tenants and/or to carry out alterations to meet new or existing tenant requirements, which can include improvements to the environmental sustainability credentials of properties.
12. The works required are often capital works that are outside of the remit of the general building works contract and therefore need to be procured separately.
13. In order to minimise void periods and to attract tenants in a competitive marketplace, Property Services has therefore procured a Capital Building Works contract, which will allow them to be flexible and agile in carrying out capital works.

Options

Option 1: To accept the recommendations of this report and approve the award of both contracts.

This is the recommended option, as it will enable the Council to efficiently carry out repairs, maintenance and other building works to its operational and commercial portfolio at fixed competitive rates that have been secured as part of an open competition bidding process.

Option 2: To partially accept the recommendations of this report and approve the award of one or other of the contracts.

This option is not recommended, as it will require individual procurement of each piece of work that would have been covered by the contract that is rejected. This is not only inefficient in terms of officer time but may cause delays in carrying out works and is likely to result in higher total costs over the contract period.

Option 3: To reject the recommendations of this report and not award either contract.

This option is not recommended for the same reasons as set out under Option 2.

Legal Implications

14. The contract documents to be used are construction industry standard "JCT Measured Term Contracts." External solicitors are instructed and the contracts will be completed following receipt of Executive authority, subject to call-in requirements.

Financial Implications

15. The financial implications of the contracts are set out in the exempt report at Part 2 of this agenda.
16. The costs will be funded within the service's approved capital programme and revenue budgets.

Equalities Implications

17. There are no direct equalities implications arising from this report.

Communication Implications

18. There are no communications implications arising from this report.

Environmental Sustainability Implications

19. The work undertaken by these contractors will contribute to increasing the environmental sustainability of our buildings by use of energy efficient materials in repairs and improvement works and energy efficient replacements for existing plant and equipment.
20. The tender evaluation process considered bidders' specific proposals as to how they would improve the carbon footprint of our property portfolio and information as to how they operated their businesses to minimise the impact on the environment.

Bennetts Builders Limited

How they will improve the carbon footprint of RBBC's portfolio

21. Bennetts Builders confirmed that they are committed to helping the Council achieve their carbon neutrality target of net zero carbon by 2030.
22. When undertaking work they will:
- Report additional work that is required;
 - Rectify minor urgent issues such as leaks or critical damage;
 - Suggest measures that will reduce the environmental impact of the Council's buildings;
 - Select or recommend energy efficient materials and fittings;

- Ensure a quick response time to water leakage jobs. Their current KPI actual is a 30 minute average from instruction to arrival on site;
- Where applicable, install key safes to minimise the need for additional journeys to collect keys from the Town Hall.

How they will run their business to ensure they minimise the impact on the environment

23. Bennetts Builders have reviewed the applicability of ISO14001 for their business and have concluded that a formal system is not warranted due to the size and nature of the company. However, they have taken steps to manage their environmental impact by measuring the carbon footprint of their operations, the waste produced, and by undertaking staff training.
24. The company has an environmental policy which sets out their objectives which include reaching their own net zero carbon target by 2030.
25. Specific measures to minimise environmental impact include:
 - Use of locally sourced products;
 - Use of vehicle tracking to maximise efficiency and reduce journey times when allocating work.
 - Compliance with Euro 6 fleet emission standards, and requiring the same compliance by sub-contractors, with a target to move to an electric fleet in 2029;
 - A recruitment strategy focused on employing operatives who live locally to their headquarters in Crawley. This reduces commuting times and facilitates shared journeys and en route colleague collections.
 - Waste management measures that maximise recycling, achieving 90% recycling of waste from Reigate and Banstead Borough Council work under the previous contract.

SW Nicholls Limited

How they will improve the carbon footprint of RBBC's portfolio

26. SW Nicholls confirmed that they are actively working towards net zero by 2030. Their response focussed on measures other than direct property improvements that they take as a company at no cost to the client.
27. They stated that one of the greatest carbon costs in building works is wastage due to over ordering and bad storage. Therefore they ensure that materials that are bulk ordered are stored in their own storage facilities according to Manufacturer's instructions and that they use a stock rotation process.
28. Their supply chain selection also considers transportation type and distance to reduce environmental impact and by extension the carbon footprint of the works being undertaken.
29. While working in a property, heat wastage will be minimised by keeping doors and window closed. Water wastage will be minimised by not leaving taps running.
30. Finally, waste generated during works will be limited by 'waste streaming' measures to ensure that as much the waste as possible is recovered and reused.

How they will run their business to ensure they minimise the impact on the environment

31. SW Nicholls Ltd operate an Environmental Management System based on the requirements of the ISO14001. They have developed management control systems to limit their impact to our surrounding environment based on an environmental 'black box' assessment to identify, quantify, reduce and manage pollution streams.
32. The company's 5-year business plan includes targets and improvements such as reduction in materials to land fill, separating recyclable materials and sourcing electric vehicles when replacements are required.
33. Finally, they have invested in environmental awareness and task specific training to ensure that managers, supervisors, and operatives are equipped and committed to deliver their environmental vision.

Risk Management Considerations

34. The risks associated with these procurements are set out in the exempt report in part 2 of the agenda.

Procurement/Contract Management and Subsidy Considerations

35. The Council's Contract Procedure Rules set out how contracts must be procured.
36. Contracts for Works with a value between £181,302 and £4,551,413 must be procured by tender with a minimum of four invited suppliers or by open competition in the UK.
37. Both of the above contracts were procured by open competition.

Consultation

38. The Portfoliholder for Commercial & Community Assets has been consulted on the recommendations in this report.

Policy Framework

39. Procurement of these contracts will contribute towards several Corporate Plan objectives.
40. Procuring building works contracts will ensure that we are achieving value for money, in accordance with our financial efficiency objective, and will assist us in meeting our objective to invest in our operational assets to ensure they remain fit for purpose.
41. The contracts may also facilitate in the delivery of minor works that contribute towards then environmental sustainability objectives in respect of our portfolio.
42. In addition, procurement of the Capital Building Works contract enables us to be more agile in carrying out minor capital works that may be required to enable the letting of a commercial property. This will assist us in maintaining an income stream that contributes towards the Council's financial sustainability objectives.

Background Papers

None