

# Key Decision

## Subject: Extension of Fabric Maintenance Contract

Lead officer: Caroline Holland

Lead member: Councillor Tobin Byers

Contact officer: Nick Layton

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### Recommendations:

- A. That the existing term contract with Capitol Engineering Services Ltd is varied in line with Regulation 72 of the Public Contract Regulations 2015 (PCR15) to allow an extension for 3.5 months so that reactive fabric repair works can continue up to 31<sup>st</sup> March 2022 when a new contract takes effect.
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## 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval to vary the current building fabric maintenance contract with Capitol Engineering Services Ltd to allow an extension of 3.5 months, up until 31 March 2022.
  - 1.1.1 Capitol Engineering Services Ltd have been providing building fabric reactive maintenance repairs to the council's property portfolio, including managing out of hours call out services since December 2018.
- 1.2. New term maintenance contracts have been tendered and are due to take effect on 1 April 2022.
- 1.3. Originally it was intended that a new fabric maintenance contract would be in place by 12 December 2021 when the contract with Capitol Engineering Services Ltd expires. Slight delays in the tendering process means this date can no longer be met.
- 1.4. Providing an extension to the contract up until 31 March 2022 means that the council will continue to have no interruption to its building fabric repair services and all term maintenance contracts will begin on the same date of 1 April 2022.

## 2 DETAILS

- 2.1. The current provider Capitol Engineering Services Ltd is under a 3 year (initial 2 year term, with a 12 month extension provision) contract to provide fabric repair maintenance services for the council's corporate portfolio.
- 2.2. The Contract runs from 12<sup>th</sup> December 2018 – 12 December 2021. We are currently in the sole 12 month extension period contained within the contract. A new contract is out to tender for services beyond April 2022.
- 2.3. The existing contract with Capitol Engineering Services Ltd is a works contract, and was procured via a sub OJEU competitive tender in 2018. The estimated contract value at time of tender was £150k per annum. Actual spend has been affected by COVID-19 but from December 2018 to Jan 2021 has been estimated at £704k which equates to approximately £331k per annum.
- 2.4. A new contract is planned for a start date of 1<sup>st</sup> April 2022. As part of the Gateway 1 report it was agreed that the new fabric services contract would start on 12<sup>th</sup> December 2021. However delays in completing the SQ stage resulting from high levels of interest of the retender means this date cannot now be made.

- 2.5. Capitol Engineering Services Ltd are providing a satisfactory service at present. Extending the contract for a short period will mean that the London Borough of Merton is not without a fabric maintenance contractor while the proposed new contract is finalised and mobilised.

### 3 ALTERNATIVE OPTIONS

Option	Advantages	Disadvantages
3.1. Do not extend or vary the contract	None	The council would be without a fabric maintenance term contractor for 3.5 months. Any works would need to be commissioned on an ad hoc basis.
3.2. Extend the contract	The council retains the services of a fabric maintenance provider. The contractor knows the sites and is currently providing a satisfactory service.	Capitol Engineering Services Ltd are tendering for the new contract. Should they be unsuccessful there may be a dip in performance but it is thought the risk of this is small given that irrespective of whether they regain the contract or not they remain keen to be included on any tender list for works outside of the term maintenance contract.
3.3. Carry out a separate procurement for a 3.5 months contract	None	This would be time consuming for officers to implement.  A 3.5 months contract would likely be more expensive than the existing as the contractor would have to recoup any contract set up costs within 3.5 months.  There would be no incentive for the contractor to provide a service above and beyond what is allowed for in the contract.

### 4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultations have been concluded with Legal Services, Finance and Commercial Services.

### 5 TIMETABLE

- 5.1. Proposed extension period – 12 December 2021 to 31 March 2022
- 5.2. Proposed new maintenance contracts:

Event	Date
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Pre-qualification (SQ) complete	23 August 2021
Deadline for receipt of tenders	27 September 2021
Evaluation of tenders	28 September – 14 October 2021
Procurement Board	16 November 2021
Leadership Group	22 November 2021
Cabinet	06 December 2021
Notification of contract award decision	07 December 2021
Call-in period	07 December – 14 December 2021
"Standstill" period	14 - 24 December 2021
Confirm award of contract	4 January 2022
Contract commencement date	1 April 2022

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1 Financial - the budget will be the existing revenue budgets for corporate buildings managed by LBM.
- 6.2 Recommended contract limits are £600,000 for a single contract and £1,500,000 for all contracts. The proposed contract is within these recommended limits.
- 6.3 Resources - the contract is monitored by officers within Facilities. No more time is required over and above what is currently being delivered.
- 6.4 Property – the contract ensures the delivery of fabric repair services continues uninterrupted until proposed new contracts are in place on 1 April 2022.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 This is a Works contract and the contract is below the threshold of the applicability of the Public Contracts Regulations 2015. No further extension provisions are contained in the contract however, the extension is compliant with CSO 27.2 as permitted under regulation 72(1)(f) and as such is compliant with the CSOs.

**8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1. None

**9 CRIME AND DISORDER IMPLICATIONS**

9.1. None

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. Capitol Engineering Services Ltd are the incumbent contractor providing fabric repair services.

10.2. Processes and procedures are in place to ensure works meet the relevant health and safety requirements for the type of works undertaken.

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

11.1 Appendix A – Financial Implications

**12 BACKGROUND PAPERS**

12.1. None