

## DMPC Decision – PCD 1505

**Title:** Contract Value Uplift – Mechanical & Electrical, General Building Works and Locksmiths

### Executive Summary:

This paper seeks approval for a uplift in the contract value for the awards made for the supply of Mechanical & Electrical, General Building Works and Locksmiths services to two suppliers of £19,714,853 and £27,062,294 respectively, to enable the second of two contract extensions to be exercised. The cost will be funded from within existing resources.

### Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

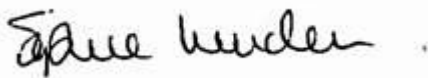
1. Approve an uplift in the value of the Mechanical & Electrical, General Building Works and Locksmiths (MEGBW) South Lot contract with Equans (formerly Engie) by £19,714,853 which is 27% of the Contract value approved by MOPAC for the seven-year term.
2. Approve an uplift in the value of the Mechanical & Electrical, General Building Works and Locksmiths (MEGBW) North Lot contract with Atalian Servest by £27,062,294, which is 26.3% of the original Contract value approved by MOPAC for the seven-year term.

### Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

**Signature**



**Date**

05/09/2023

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC**

### **1. Introduction and background**

- 1.1. The contracts for the supply of Mechanical & Electrical, General Building Works and Locksmiths services was awarded to two contractors in April 2018 for an initial period of 5 years, with two 1-year optional extensions. The 7-year contract values were £72,827,823 for the South Lot and £102,822,543 for the North Lot.
- 1.2. Under delegated authority the MPS approved an increase of £4,488,211 for the South Lot.
- 1.3. The first of the two optional extensions has been exercised, and the MPS propose under delegated authority to exercise the second years extension.

### **2. Issues for consideration**

- 2.1. Over the previous 5 years the spend has exceeded the original expected profile. Reasons for the faster spend include
  - additional reactive works due to historical underspend on lifecycle replacements,
  - delays in the disposal programme and retention of additional sites from that anticipated at tender,
  - COVID-19 (from March 2020) causing additional spend associated with project works to support reactive services,
  - higher inflation figures than used in the original contract values,
  - use of these contracts to deliver additional works which has provided a choice for PSD to respond to operational need in a flexible way and provide projects including where funded from other budgets in Property Services or within the wider MPS, e.g. REFIT energy efficiency works and the roll out of the Body Worn Video infrastructure,
  - inclusion of additional services (Gates and Barriers) into the scope of Equans following the end of a discrete service contract that was under delivering.
- 2.2. MOPAC previously approved (PCD1261) the re-procurement of these services to start from April 2024. MPS report that during the market research period it has become apparent that re-procuring during a period of high inflation is likely to see an increase in costs, and that because economic predictions suggest a sharp drop in the rate of inflation during 2023 there is benefit in exercising the second year option. Additionally during engagement with framework providers, it is apparent that the MPS model of contract, in terms of the technical specification and pricing model is significantly different to most frameworks. Utilising an additional year will enable a full review of the technical specifications and planned maintenance schedules and allow better access to frameworks and to incorporate best practice from other organisations in the scope for 'hard FM' services.

### **3. Financial Comments**

- 3.1. The estimated contract value increases total £46,777,147, including provision for contingency. The spend will be contained within the MPS existing Planned and Reactive Maintenance budgets, MPS centrally held provision for inflation, or any subsequently approved business cases.

#### **4. Legal Comments**

- 4.1. The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of, and modifications to, public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations.
- 4.2. Regulation 72 permits MOPAC to modify a contract in limited circumstances. Specifically, regulation 72(1)(b) provides MOPAC may modify a contract where:
- It is not possible to change contractor due to technical or economic reasons; and
  - To change contractor would cause MOPAC to suffer significant inconvenience or substantial costs duplication
- provided the value of the modification does not exceed 50% of the value of the original contract.
- 4.3. MPS Legal assure that this report confirms the above are met and that the modifications are compliant.
- 4.4. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime has delegated authority to approve:
- Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
  - To approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months (paragraph 4.8).

#### **5. Commercial Issues**

- 5.1. This proposal seeks an uplift in the contract value for two lots for the provision of Mechanical & Electrical, General Building Works and Locksmiths services. There is no change to the previously approved responsible procurement implications. The uplift to enable the second year extension will defer re-procurement costs and continue the benefit of the rates (plus inflation) obtained in 2018.

#### **6. GDPR and Data Privacy**

- 6.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work with or on behalf of MOPAC are fully compliant with the policy and understand their GDPR responsibilities.

- 6.2. The MPS assure that the contract does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

**7. Equality Comments**

- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2. As this decision relates only to a value uplift for an existing contract there are considered to be no change to the previously approved equality or diversity implications.

**8. Background/supporting papers**

- Appendix 1 MPS Report - Mechanical & Electrical, General Building Works & Locksmiths (MEGBW) North and South Lots – Increase in contract value to enable use of the final available year

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Part 1 Deferral:**

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

**Part 2 Confidentiality:** Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

**ORIGINATING OFFICER DECLARATION**

*Tick to confirm statement (✓)*

**Financial Advice:**

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

**Legal Advice:**

The MPS legal team has been consulted on the proposal.

✓

**Equalities Advice:**

Equality and diversity issues are covered in the body of the report.

✓

**Commercial Issues**

Commercial issues are covered in the body of the report.

✓

**GDPR/Data Privacy**

GDPR compliance issues are covered in the body of the report.

✓

**Drafting Officer**

Alex Anderson has drafted this report in accordance with MOPAC procedures.

✓

**Director/Head of Service:**

The MOPAC Chief Finance Officer and Director of Corporate Services has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

**Signature**

*Sanakuchford.*

**Date 30-8-23**