

REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD165

Title: Maintenance Services

Executive summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience for the London Fire Commissioner (LFC) to commit revenue expenditure to award new maintenance contracts for the supply of mechanical, electrical and plumbing services; building fabric maintenance; lift maintenance; and appliance bay doors and gates maintenance services across the LFC estate. The existing contracts for these services expire in 2022 and are required to maintain the LFC's properties, inclusive of meeting related statutory compliance obligations, ensuring the property portfolio continues to meet operational needs.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”.

Decision:

That the Deputy Mayor for Fire and Resilience authorises the LFC to commit revenue expenditure for the value set out in Part 2 of the report following a procurement exercise for the maintenance services contracts for the period of up to four years.

Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

14/8/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Deputy Mayor for Fire and Resilience Decision 65 set out the strategy for the facilities management (FM) services provision and the steps of transformation that London Fire Brigade (LFB) would undertake. Report LFC-0691 to the London Fire Commissioner (LFC) updates on the final element of that transformation with the re-procurement of the 'hard' FM services.
- 1.2 The LFC requires the provision of maintenance services to its estate. These services are currently let under contracts which expire in 2022, and comprise the following services and incumbent providers:
 - mechanical, electrical and plumbing (MEP) services – currently three contracts, split between north, south and core (which covers LFB Headquarters and the London Operations Centre
 - building fabric maintenance
 - lift maintenance
 - appliance bay doors and gates maintenance services.
- 1.3 The current contracts were awarded following competitive procurement exercises in 2017-18 with contract terms of three years, with two optional extension years.
- 1.4 The scope of the planned service within the contracts is for statutory and routine planned preventative maintenance (PPM), in accordance with schedules agreed with each incumbent provider. This maintenance is based on bespoke maintenance schedules that were developed when the contracts were procured. A reactive maintenance service is also included within the scope of the maintenance contracts; this is a responsive service to breakdowns of assets and repairs. The current contracts include for the provision of procuring additional small works and minor projects through the incumbent maintenance providers.
- 1.5 The LFC's estate comprises just over 100 sites with a total estimated gross internal area of 244,000 square metres. It is an ageing estate and includes some listed and locally listed properties. The current service enables the delivery of over 20,000 maintenance tasks per annum, of which circa 9,000 are for PPM; the remaining 11,000 are for reactive services for repairs and breakdowns.
- 1.6 A full review of the current contracts and performance has been completed, and options were reviewed to determine the best approach to maintenance provision. These services are critical for ensuring the estate can support the LFC's operational response and provide a safe and compliant workplace for its workforce. In determining the chosen sourcing route, service resilience and competitive tension were considered key priorities from the new contracts, and will facilitate achieving value for money.
- 1.7 It is proposed to bundle the services for MEP services, and building fabric and lift maintenance; and create two aggregated 'hard' FM contracts – one for the north of the estate and one for the south of the estate. This aggregation of these services will maintain service resilience and competitive tension in the provision of services by procuring two market operators, whilst taking

some advantage of supplier-aggregation benefits. Further, the service aggregation provides an opportunity for increased service integration, such that the maintenance delivery is more seamless with greater opportunities for benefiting from a multi-skilled resource to drive improved response times and first-time fix rates to the reactive maintenance requirement.

- 1.8 Appliance bay door maintenance is niche to the fire service and is critical for operational response. The service is specialist and is not self-delivered by suppliers who deliver MEP, building fabric and lift maintenance services. It is therefore proposed to competitively procure these services as a stand-alone contract, continuing to incorporate the maintenance for gates to preserve the benefits of direct contract management with a business-critical supplier.
- 1.9 The new, bundled, hard FM services contracts will be procured using the Tenet framework. This has been selected to attract a new maintenance supply chain to tender for the LFC's opportunity, such that it positions the LFC as a key client. The Tenet framework provides for maintenance services that can be awarded as separate lots. The framework is open for four years, with a commencement date of 10 March 2020. There is a good range of suppliers on the framework to provide for a competitive process. All suppliers appointed to this framework provide comprehensive maintenance services covering the scope the LFC requires. This will allow for the enhancements of energy and sustainability initiatives, including consideration of carbon net-zero and the innovative maintenance technology the LFC seeks.
- 1.10 The appliance bay doors and gates contract will be competitively tendered due to the specialist nature of the services and the absence of any frameworks that cover this requirement.
- 1.11 The contracts and specifications for the new hard FM, and appliance bay gates and doors maintenance services, will deliver the following benefits:
 - The inclusion of maintenance industry standards, to replace the bespoke maintenance schedules included in the current contracts, which will be tailored for the LFC's needs but provide a compliant and consistent approach in line with the market best practice.
 - Inclusion within the specification of minimum requirements from the account management team; and the inclusion of services that have previously been omitted, e.g. domestic appliances.
 - Merging MEP, building fabric and lift maintenance services provides greater opportunity for an increased use of multi-skilled labour to improve response times and first-time fixes to drive efficiency and value through the service.
 - Full integration with the LFC's computer-aided facilities management service (also known as the Property Portal) which went live in April 2021. This includes the use of technology to enable real-time delivery of service requests and updates, and improved real-time reporting leading to the delivery of a more efficient service.
 - Additional focus on supporting the LFC in its achievement of carbon net-zero and other energy and sustainability initiatives, with proposals sought that contribute towards energy efficiency in maintenance operations.
 - Additional KPIs and increased service credit mechanisms, targeted towards areas of performance that have historically been challenging, to refocus the service on delivery the LFC's core maintenance requirements.

- The inclusion of a semi-comprehensive threshold for reactive repairs, which transfers a degree of risk to the supplier. This means the new supplier will include an allowance for any reactive repair costs within the defined threshold value, within its fixed pricing; any repairs required within this value will be completed at no additional cost. This encourages the supplier to resolve these issues in the most cost-effective way and provides greater cost certainty to the LFC.
- Obtaining fixed pricing to give greater cost certainty, to the LFC as well as a reduced administrative burden through fewer invoices.

1.12 The performance mechanism has also been tailored to ensure it is relevant and proportionate; and encourages performance and swift resolution of any service issues. Refreshed and targeted key performance indicators and associated service credit regimes will encourage good performance throughout the term and seeks to address the issues identified from the current contracts.

1.13 The proposed contract term for the new contracts is three years with one optional extension year; this retains the benefits of the LFC's co-terminus contract dates for all aspects of maintenance provision. It is the intention to use the extension – providing that service delivery is being achieved, and that market intelligence on the rates current at the time of the extension has confirmed value for money can still be achieved from the contract. Approval is requested for the full four years of spend.

2. Objectives and expected outcomes

2.1 The procurement of these services will deliver the following outcomes:

- continuity of planned, reactive and statutory compliance maintenance requirements to ensure a safe and compliant workplace
- utilising maintenance provision to contribute to the LFC's 'Best Place to Work' objective by minimising asset failures and, therefore, optimising the workplace conditions and mitigating business-as-usual disruption
- contribute to the LFC's 'Delivering Excellence' objective through the procurement process – implementing maintenance best practice in the tender and contract documentation
- contribute to the LFC's 'Seizing the Future' objective by using technology to link supplier activity to the Property Portal to provide real-time updates; and matching maintenance requirements to actual and robust asset and condition data, which will provide improved data on asset performance and contribute to an informed maintenance strategy, life cycle plan and forward works programme
- incorporate energy initiatives, including contributing to the LFC's carbon net zero targets as well as using maintenance-related Internet of Things resources to reduce manual activities where this is feasible
- encouraging the principals of the Anchor project by building these objectives into the supply chain requirements.

Collaboration

- 2.2 The contract will be procured using the Tenet National Public Sector Framework. The use of this framework achieves the value and quality benefits from collaboration with other public sector bodies, and will enable the LFC to benefit from centralised procurement. Tenet are part of the CPL Group and operate on a not-for-profit basis

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people; taking this into account; and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice.
 - promote understanding.
- 3.8. An Equalities Impact Assessment has been undertaken, and it has been determined that the maintenance services will not have a negative impact on any groups.

4. Other considerations

Workforce comments

- 4.1 Representative bodies have not been formally consulted in the development of this report. This service will replicate the existing provision and there are no workforce implications.

Sustainability comments

- 4.2 This report addresses the existing sustainability concerns associated with the of MEP, building fabric, lifts, appliance bay doors and gates maintenance services contract:
- this report notes that the new supplier will allow for the enhancements of energy and sustainability initiatives, including consideration of carbon net-zero and the innovative maintenance technology the LFC seeks
 - the sustainable development team would support the inclusion of sustainability and environmental issues within the KPIs of the new contract
 - the new contract will be in excess of £100,000 and therefore the in line with LFB's Responsible Procurement Policy, under which the LFC is required to consider how social, economic and environmental value can be generated through the contract.

Procurement comments

- 4.3 The suggested approach is fully compliant with the LFC's Scheme of Governance – Part 3, relating to procurement. The evaluation of price, quality and responsible procurement will be weighted in order to maximise value for money for the services included within the contract; and to assist with its overall affordability. A detailed pricing model will be prepared to allow a thorough understanding of each of the bids received. The recognised form of contract will be used – consistent with ensuring that risks can be appropriately owned, and that contract management during the service delivery period will be straightforward by confirming that an appropriate level of obligations between the LFC and the contractors is included.
- 4.4 The evaluation of price and quality will be weighted in order to maximise value for money for the services included within the contract and to assist with its overall affordability.

Conflicts of interest

- 4.5 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 This report requests approval to procure and fund new LFC maintenance service contracts in line with the Authority's future strategic priorities. The contracts will run for three years with the option to extend for one additional year.
- 5.2 Detailed financial information to support this request is contained within part 2 of the report.
- 5.3 Funding for the competitive tenders will be met from existing budgets for MEP, building fabric, lifts, appliance bay doors and gates maintenance services across the estate.
- 5.4 The request to procure and award the new contracts notes any inflationary cost pressures will be met as part of the future LFC funding allocations as necessary.
- 5.5 There are no direct financial implications for the GLA.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the Deputy Mayor).
- 6.3 Paragraph (b) of Part 2 of that direction requires the LFC to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".
- 6.4 The Deputy Mayor's approval is accordingly required for the provision of maintenance services contracts which has an estimated cost exceeding £150,000 and is set out in full in Part 2 of the report.
- 6.5 The arrangements proposed is consistent with the LFC's power under section 5A of the Fire and Rescue Services Act 2004 to do anything it considers appropriate for the purposes of the carrying out of any of its functions.
- 6.6 These comments have been adopted from those provided by the LFC's General Counsel Department in report LFC-0682 to the LFC.

Appendices and supporting papers:

Appendix 1 – Part 1 of Report LFC-0691 – Maintenance Services

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

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

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act 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:

Drafting officer to confirm the following (✓)

Drafting officer

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

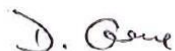
A summary of this decision was reviewed by the Corporate Investment Board on 4 July 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

16/8/22