

**ITEM No ...7.....**

**REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 18 NOVEMBER 2024**

**REPORT ON: FACILITIES MANAGEMENT TENDERS RECEIVED BY HEAD OF DESIGN AND PROPERTY**

**REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 325-2024**

**1 PURPOSE OF REPORT**

1.1 The purpose of this report is:

- a to provide an update on the development of the Facilities Management Category, specifically the Health and Safety Contracts, to undertake an exercise of review over a period of 2 years, to achieve coterminous end dates for a range of contracts, allowing for a different sourcing solution to be implemented should one be identified; and
- b to seek approval of the extension of the undernoted essential health and safety contracts.

**2 RECOMMENDATION**

2.1 It is recommended that Committee:

- a notes the work being carried out by property and procurement officers to improve efficiencies for the delivery of essential corporate health and safety contracts for facilities management; and
- b approves the extension of the three contracts undernoted in 4.1.

**3 BACKGROUND**

3.1 Dundee City Council currently has 75 contracts in place for Facilities Management services. Managing this number of contracts and suppliers places a high workload on the small Property Services team within City Development. Each of those suppliers have their own internal systems, ways of working and holding information on the Council's properties unique needs, which requires co-ordination to provide a coherent whole. Each of those contracts will typically run for a period of five years. This means that every month of every year, more than one contract needs to be re-tendered. This means that the Council's Property Services team need to review and update specifications of requirements, evaluate tender responses, and onboard and induct new suppliers. The Corporate Procurement Team also need to devote staff resources to running the volume of procurement process. At this volume, there is limited opportunity to maximise best value through pre-contract and/or post contract activities.

3.2 There are a total of 3 contracts that would be extended for a period of 2 years and this report seeks approval to extend the 3 contracts with the current supplier as agreed by the Head of Finance and City Development Property.

3.3 It is important therefore that the Council takes the opportunity to review how the Facilities Management contracts are managed and whether there is any opportunity to add value through different ways of working, which might include rationalising or tiering the supply base.

3.4 Dundee City Council will take the opportunity to review how the Facilities Management contracts are managed and whether there is any opportunity to add value through different ways of working, which might include rationalising or tiering the supply base.

- 3.5 Extending several contracts that are due for renewal will allow space for the review to take place and will help bring contract end dates into alignment, allowing a different solution to be implemented smoothly if this is identified and agreed as having the potential to provide better value to the Council.

#### 4 SUMMARY OF CONTRACTS TO BE EXTENDED

- 4.1 The following contracts are due to expire and extensions are requested for the essential health and safety contract services detailed below.

Contract Name	Supplier	Estimated Spend Over 2 Years
Water Sampling Programme	Dundee Scientific Services	£60,000
Service And Maintenance of Kitchen Canopies, Ductwork, Extract Ventilation and Insectocutors	Lovats Group	£60,000
Service and Maintenance of Intruder Alarms	Electro Guard	£90,000

#### 5 FINANCIAL IMPLICATIONS

- 5.1 The Executive Director of Corporate Services has confirmed that funding for the above projects will be met by the City Development Property Revenue Budget.

#### 6 RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions To Be Taken To Manage Risk
<b>Commercial Risk</b> – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	The review outlined in this report will produce recommendations which will result in a future tendering opportunity, which will maximise the opportunity for best value to be delivered through pre-contract award and post-contract award activities.
<b>Technical Risk</b> – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	As per Commercial Risk.
<b>Performance Risk</b> – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	The contract extensions will allow suppliers to continue to deliver essential services which support the delivery of statutory services which have to be carried out on Council domestic and/or commercial properties.
<b>Contractual Risk</b> – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and	As per Commercial and Performance Risk.

Description of Risk	Actions To Be Taken To Manage Risk
about avoiding reliance on the contracted supplier as the contract develops.	
<b>Legal Risk</b> – where a procurement is found unsound in law, through the public procurement rules.	As per Commercial Risk.

## 7 BACKGROUND PAPERS

7.1 None.

## 8 POLICY IMPLICATIONS

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 9 CONSULTATIONS

9.1 The Council Leadership Team were consulted in the preparation of this report.

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NM/HG

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