

	Officer Key Decision
	Report to the Strategic Director for Regeneration & Environment
Authority to extend the contract for the provision of Facilities Management Service with Apleona HSG Ltd	

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Nick Ljustina Operational Director Property & Asset Management nick.ljustina@brent.gov.uk 020 8937 5025

1.0 Purpose of the Report

1.1 This report concerns the contract for the provision of Facilities Management (FM) services between the Council and Apleona HSG Ltd and proposed arrangement for the continued provision of FM services during the hosting of the London Borough of Culture in 2020. This report requests authority to extend the FM services contract in accordance with Contract Standing Order 112 for a period of 12 months.

2.0 Recommendation(s)

2.1 That the Strategic Director of Regeneration & Environment approves the extension of the contract for Facilities Management (FM) service with Apleona Hsg Ltd for a period of 12 months from 1st July 2020 to 30th June 2021.

3.0 Detail

- 3.1 The current contract commenced on 1st November 2012 for an initial period ending on 30th June 2018 with an option to extend to 30th June 2020. The contract covers the provision of the full 'hard' (mechanical, electrical, planned and reactive maintenance, etc.) and 'soft' (cleaning, security, landscaping, etc.) services in both the Civic Centre and Willesden Green Cultural Centre. For other operational buildings, Apleona covers 'soft' FM only. The service provided at the Civic Centre also includes the provision of catering/hospitality on a fixed income plus profit share basis.
- 3.2 The Council has engaged an independent FM consultancy, to undertake a benchmarking exercise and FM strategy review in 2018. Following the FM Strategy review, the agreed recommended option was to develop a hybrid model of outsourced hard and soft FM services, with the Council bringing portering and the Helpdesk functions in-house. As well as the in-house elements, this would also have seen a move away from the current total facilities management model (where one contractor manages all services) into three distinct hard, soft and catering packages, whilst further extending the existing planned preventative maintenance approach to the entire Brent estate. The rationale being primarily to engage with more specialist contractors in each area to raise quality and improve consistency of service levels across all FM managed buildings, in line with those at the Civic Centre and Willesden Green Cultural Centre.
- 3.3 However, in light of the London Borough of Culture hosted by Brent in 2020 and the associated possible disruption to businesses that a change in FM contractor and insourcing the FM services may cause, it is proposed to extend the existing FM contract for a further 12 months until 30th June 2021. That would enable the Council to host the London Borough of Culture with limited disruption, following which the process of reviewing the FM services contract with a view to re-procuring the services or insourcing it will commence.

3.4 The Benefits of the Extension

- 3.4.1 Extending the existing contract will not result in any abortive costs being incurred and will allow the councils existing arrangements to continue throughout the year long period where Brent has been selected as the host borough of 'London Borough of Culture'. This will mean that any disruption associated with a potential change in FM provider will be mitigated, and will avoid any operational issues at a time when the spotlight will be on Brent's cultural activities.
- 3.4.2 The Contractor has proposed that inflationary increase 7.8% originally applied to the contract price, which has been replaced with 2% per annum with effect from 2018/2019 contract year. As a result, the Council will be making savings as set out in Appendix 2, and Senior Management has agreed the contract extension and the value of the extension is £3,766,845.

4.0 Financial Implications

4.1 The terms of the contract will not change.

5.0 Legal Implications

5.1 Officers recommend the Council extend the existing contract arrangement by a further 12 months beyond the current contract end date until July 2021. An extension of a contract outside its advertised term should be treated as the award of a new contract unless it is possible to justify the extension under Regulation 72 of the Public Contracts Regulations 2015 (PCR 2015). There are limited grounds for extension permitted under the PCR 2015. Based on the information provided above, it may be possible to rely on Regulations 72 (1) (b) where additional services “have become necessary” and a change of supplier would not be practicable (for economic, technical or interoperability reasons). This would involve substantial inconvenience/duplication of costs, provided that any increase in price does not exceed 50% of the value of the original contract. Regulation 72(3) provides that a notice of the modification (extension) in respect of Regulation 72(1)(b) must be sent to the EU Publication Office to be published on the Official Journal of the European Union.

As the value of the extension does not exceed 50% of the value of the original contract based on the information provided above, subject to publication of the modification in accordance with the requirement of regulation 72(3), the extension would not be in breach of the EU Procurement Regulations.

5.2 Under section 3(b) of the table at paragraph 9.5 of Part 3 of the Constitution, Strategic Directors are able to extend contracts without the need for Cabinet approval, provided that the extension would not be in breach of the European Procurement Legislation does not substantially alter the terms and conditions of the contract; that there is sufficient existing budgetary provision and if the extension goes beyond the period of extension provided for in the contract (in the case of any contract with a life of more than one year (including any possible extension provided for in the contract)) the extension shall not exceed a period of one year. Section 3(b) (e) also provides that the relevant cabinet member shall be consulted prior to a decision within (d) (i) or (ii) above and may request that the decision instead be referred to them.

5.3 It is considered that you have delegated authority to approve the extension of the contract as proposed under paragraph 2.0 in consultation with the Cabinet member for Regeneration, Property & Planning.

6.0 Equality Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

7.0 Consultation with Ward Members and Stakeholders

7.1 None at present

8.0 Human Resources/Property Implications (if appropriate)

8.1 None at present

Report sign off:

Nick Ljustina

Operational Director of Property & Assets

Tel: 020 8937 5025

Email: nick.ljustina@brent.gov.uk