

Questions for Corporate Scrutiny Committee, 15th August 2012

From Cllr Bob Allen

Contractors in Bolton continue to tell me that they are missing out on work in town, that specifications for work are vague and imprecise and that supervision of contractors is poor. My questions will hopefully give Corporate Property Services the opportunity to produce evidence that will reassure the Committee that such allegations are untrue.

What is the percentage of jobs under £10,000 awarded to Bolton based businesses?

What is the percentage of schools that currently have a repair and maintenance contract with CPS?

What is the percentage of design work outsourced to architects and consultants?

Has the value of work managed by CPS reduced in recent years and has the staffing structure mirrored any changes?

What fees does CPS charge for managing contracts and how do these compare to fees charged by external bodies?

What strategic plans are in place to ensure the survival of CPS?

Is the Corporate Property Services trading account in profit?

Background Information

As outlined in the recent presentation to the Corporate and External Issues Scrutiny Committee CPS has gone through some significant changes over the past number of years, including the split of the service into two divisions. One leading on Operational Asset Management and the other Strategic Asset Management. As the questions posed refer more to operational matters it has been answered with the main focus being on the Operational Asset Management Division of CPS.

Over the past 12 months, the Operational Asset Management Division, which oversees significant construction projects (Projects Section) as well as delivering day to day facilities management services (Facilities Management Section), has focused upon two key factors to increase and improve service delivery.

Firstly, based upon the reports to the Executive Member for Strategy and External Relations in 2011 and 2012, the external supplier base for both Facilities Management and Projects is currently being revised following a procurement exercise compliant with EU Procurement procedures and the Councils standing orders. Given the volume of suppliers/product streams this has been phased and constructed in such a way as to provide the best opportunity for SME's to compete with the larger regional/national organisations with the aim of delivering a responsive and economic service to building occupiers.

Secondly, the Projects Section has introduced an accredited ISO9001 quality management process in respect of the preparation and processing of project related documentation. This has already started to deliver a more proactive and consistent service to all customers and

service users. The Facilities Management section are also in the process of seeking ISO 9001 accreditation in parallel with the introduction of an integrated finance and property management system built around established ORACLE modules.

With regard to the supervision of work the role of CPS and its consultants requires clarification. The responsibility for the supervision of and compliance with a particular specification rests solely with the principal contractor. This role is defined in the Construction Design Management regulations. The principal contractor is also responsible for the actions of its own and any sub-contracted labour whilst on site.

For clarity, in respect of on-going works, the role of CPS and its consultants is to-

- Monitor works
- Ensure compliance with the agreed programme of work
- Monitor quality and standards
- Monitor compliance with health and safety regulations, requirements and best practice
- Monitor project costs

Only when concern in any of these areas arises will CPS have grounds to challenge a contractor. However, over the past number of years, there have been numerous examples when this has been the case. In certain instances this has resulted in action being taken to stop or determine work on site.

It is also worth noting that the last three years has also seen an expansion of the professional services provided by CPS, particularly relating to the monitoring of major developments. CPS acted as construction monitor on Bolton One and the Academies programme. This required CPS to lead on all technical aspects of the projects ensuring compliance with and delivery of the agreed design. This approach will also be adopted with the proposed refurbishment of the Market Hall and Town Hall.

CPS has recently received extensive positive feedback in relation to a number of major construction and adaptation projects from both clients, service users and indeed, appointed contractors. This is evidenced by the Council winning the title of 'Client of the Year' at a recent North West Construction Industry awards ceremony.

What is the percentage of jobs under £10,000 awarded to Bolton based businesses?

There are two types of work that fall within this category. Those that are of a reactive nature where immediate action is required to mitigate or remove the defect and those where time allows for a competitive quote to be obtained based upon a performance specification. This requires contractors to provide a design and quotation.

In the case of the former, these are usually of a value less than £500 in labour costs and are allocated on a rotation basis within the defined product stream contractor list. In the latter case, all contractors within the defined product stream for that type of work are invited to supply a quote on a general performance specification on a design and construct basis. These works are allocated on the grounds of the most cost effective solution to meet the associated performance specification.

The distribution of works in < £10k price band is:

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| | 2011/12 |
| Bolton Postcode | 53% |
| Other Postcode | 47% (Bulk= specialist compliance works) |

What is the percentage of schools that currently have a repair and maintenance contract with CPS?

There are two levels of service level agreement available to schools. The total percentage signed up at present is 65%.

What is the percentage of design work outsourced to architects and consultants?

All design work is commissioned from external consultants on a project by project basis following a competitive process. CPS retain the overall management of each scheme, developing and agreeing with the Client the scope of the project brief, preferred delivery programme and funding requirements.

Smaller works of a single trade or minor nature (typically below £10k in value) are managed via the Facilities Management Section on a design and construct basis.

Has the value of work managed by CPS reduced in recent years and has the staffing structure mirrored any changes?

The value of work managed by the Operational Asset Management division of CPS is dependent on the availability of resources to other council services or central government funding and therefore, fluctuates frequently. In terms of the staffing structure, the current position is summarised under the question relating to 'future strategy' below.

What fees does CPS charge for managing contracts and how do these compare to fees charged by external bodies?

The standard CPS fee structure ranges between 10% and 12.5% gross depending upon complexity. However, certain schemes of a specialist nature, i.e. mechanical and electrical do rise to 15%. This gross fee includes for the procurement of external design and contract administration consultants, typically ranging between 6% and 9%, and CDM Coordinators at 1%. On this basis the typical net CPS project fee is between 2.5% and 5% of contract value.

These fees cover the following-

- Liaison with Client and all interested parties
- Definition and development of project brief
- Procurement of specialist consultants
- Liaison with Planning, Building Control and Statutory Undertakers (Gas, Electric, Water, etc.)
- Direction, management and leadership of delivery team
- Coordination and programming of the whole project
- Financial management including budget monitoring.
- Resolution of contract and project issues
- Defects and snagging management

The external consultant fees are competitively tendered on a project by project basis to reflect the current economic environment. The retained element within CPS is a customised service that is not practical to market test on a project by project basis as its primary function is to define requirements and work closely with the client to scope the brief and requirements of the project.

What strategic plans are in place to ensure the survival of CPS?

In terms of the Projects Section, the strategic plan and current organisational structure is based upon maximising the flexibility of resources as available funding and workload fluctuates. Based around a core staff of 7 Project Managers, including a specialist Mechanical and Electrical Manager, Quantity Surveyor and a Projects Manager the section is currently being supplemented by 3 agency Project Managers to take up the recent peak in demand.

This has worked effectively in terms of the delivery of the Primary Capital programme on behalf of Children Services and will be expanded into the Town Hall Property rationalisation and Market Hall remodelling schemes.

Over the last 2-3 years this structure has allowed the Projects Section to deliver the c £20 million Primary Capital Programme, Academy's and major Property Rationalisation schemes such as the refurbishment of Horwich and Farnworth Area Offices whilst continuing to deliver day to day support to other service areas and client directorates.

At present, the Facilities Management section has adopted a similar flexible approach with the engagement of temporary staff to manage the civic estate, while at the same time stabilising and retaining the services provided to schools. The move to Corporate Property Management will increase the work of the section which in turn will provide a more solid core of activity.

Is the Corporate Property Services trading account in profit?

The aim of the trading account is not to make a surplus or profit given that the majority of clients are internal and are reliant on revenue funding. The CPS trading account broke even last year and has done so for the past number of years.

In order to continue to improve the service that is delivered by CPS it would be beneficial if details of the contractors with whom contact has been received could be provided so we can identify if they tendered to be listed on any of the current work streams and also, which projects they have been involved so enabling the claims made to be investigated fully.

Paul Brown

Chief Property Officer

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