

To: City Executive Board

Date: 31<sup>st</sup> July 2013

Report of: Executive Director, Community Services

Title of Report: PROPOSAL TO PROCEED WITH A CONTRACT TO UNDERTAKE PLANNED AND REACTIVE BUILDING MAINTENANCE PROPERTY WORKS FOR AN EXTERNAL, PUBLIC SECTOR CLIENT.

## Summary and Recommendations

**Purpose of report:** To seek approval to undertake building maintenance works for a Public Body, as the potential value of the contract exceeds delegated authority levels.

**Key decision?** Yes.

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Corporate Plan

**Recommendation(s):** That the Executive Director Community Services be delegated the authority to enter into an appropriate contract with the public sector body identified in the Not for Publication Annex attached hereto for the supply of various building services works. The service provision would follow the principles set out in this report, and would be intended to optimise the contribution to Council overheads while minimising the risk to the Council.

## 1. Introduction

1.1 Following the successful Council 2012 programme the City Executive Board approved a report in September 2011 which set out a framework for expanding income generation through service supply to public sector bodies and charging for discretionary services.

1.2 Since that time ambitious but achievable targets for income generation have been included in the Council's Medium Term Financial Strategy.

1.3 The City Executive Board approved proposals to provide services to public sector bodies and to charge for discretionary services. Where the value did not exceed £100,000 the decision was delegated to officers.

1.4 This report seeks approval to enter into contractual relations with a specific public sector body where the potential value of the services to be provided exceeds that figure.

## **2.0 Proposal**

2.1 Under the terms of the proposed contract, Direct Services would undertake the building works, both planned and reactive for the external client. These services are of a similar nature to those already provided to Council tenants, for the moment excluding gas works but these may be required in the future. The proposed contract is essentially a call off contract with each job being individually priced and accepted. This is relatively low risk activity.

2.2 The total number of sites and individual units as yet have not yet been fully determined, but they are all located in and around the City.

2.3 Direct Services would not set up a separate dedicated team of operatives to run and deliver the contracted services but would take advantage of the economies of scale and workload planning afforded by having an existing building services operation and surplus capacity created by the enhanced productivity agreed with staff earlier in the year. A new Contract Manager and Team Leader will be necessary if and when the volume of work increases and exceeds the tipping point but should this be necessary then this would be subject to further discussion with the Head of Finance

2.4 A briefing for members on the commercial opportunities and risks is set out in a separate confidential appendix exempt from publication in accordance with Schedule 12A LGA 1972 provisions for information relating to financial or business affairs.

## **3.0 Legal Implications.**

3.1 In entering into this arrangement, the Council is relying on the provisions of s1 Local Authorities (Goods and Services) Act 1970, as the procuring organisation qualifies as a “public body” for these purposes.

## **4.0 Financial Implications**

4.1 The charge out rate for the work is calculated to provide a contribution to departmental overheads as a minimum. The contribution made will be monitored on a monthly basis by the Councils Trading Board.

4.2 Supply of these services would make a useful contribution to the income targets set in the Council’s Medium Term Financial Strategy and put us ahead of the target for the current year.

## **5.0 Equal Opportunities Policies**

5.1 All of the Council's policies such as the Oxford Living Wage and Apprenticeships will be applied to the delivery of these services and be costed into the proposal.

## **6.0 Conclusion**

6.1 The provision of these services brings both income opportunities and some limited amount of risk. The Council's approach is to balance this by seeking to achieve a contribution to overheads and ensuring sufficient resources are deployed to mitigate risks. As the level of contribution is known for both the reactive and planned elements of the work the risk is low. The intention is to provide a service which is good value and low risk to both the Council and the procuring organisation.

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