

Runnymede Borough Council

ECONOMIC DEVELOPMENT COMMITTEE

24 June 2010

ADDITIONAL ITEM

CORPORATE PROPERTY STRATEGIC MAINTENANCE PARTNERING ARRANGEMENT (DTS)

1. **Purpose of Report**

1.1 **The purpose of this report is to: -**

- i) report to the Committee the progress that has been made in relation to a planned and reactive maintenance joint partnering agreement with Spelthorne Borough Council;**
- ii) recommend a revised management structure within Building Services to manage the partnering agreement;**
- iii) highlight the financial benefits of the partnering agreement**

2. **Background Information**

2.1 In line with the Council's policy on partnering, discussions have been continuing to take place in relation to a possible joint partnering agreement for planned and reactive property maintenance between Runnymede and Spelthorne Borough Councils. The basis of the discussions has been that significant savings both in economies of scale and resources can be expected by both Councils if a partnering arrangement is adopted.

2.2 Discussions are underway within Spelthorne on the way they manage their responsive maintenance function. As previously reported this is an ideal opportunity for both Authorities to begin the partnering arrangement in the 2011/12 financial year.

3. **Report**

**Partnering Discussions with Spelthorne**

3.1 Officers from Runnymede and Spelthorne Borough Councils have been investigating the benefits that may be available should both Councils pool their responsive and planned maintenance works and have reached the conclusion that there are benefits for both parties. Combining both elements of planned and reactive works into one contract will, it is believed, result in a lower priced tender return due to the higher volumes of work and the greater interest from larger contractors.

3.2 Progress is as follows:

- i) A project board has been established consisting of Officers from both Authorities and has had its first meeting.
- ii) A target date for having both planned and reactive contracts in place is April 2011 (there will need to be some initial work undertaken in setting up the structure, updating the property database, visiting the properties and developing a plan, this is yet to be agreed with Spelthorne).
- iii) Runnymede's 5 year planned maintenance schedule has been developed. Spelthorne's is currently being undertaken. Both have yet to be agreed by their respective Committees.
- iv) Both Runnymede and Spelthorne legal teams are currently working on a draft partnering agreement.
- v) A draft Service Level Agreement has been compiled and will be integrated into the partnering agreement for approval by Members when ready.

vi) Tender documentation for planned and reactive works is currently being drafted.

- 3.3 Both RBC and SBC will benefit from the reduced costs that will be achieved by jointly procuring building maintenance. RBC will save an estimated £92,000 per year with this arrangement. At SBC, the individual staff that manage services currently procure and manage building works for the buildings that they occupy. These staff are not trained in 'construction', and where RBC's building professionals currently carry out and inspect all of the work carried out following completion, no checks are carried out post-construction in Spelthorne. The partnering arrangement will remove the corporate risk that Spelthorne currently faces with inadequately trained staff managing the work and ensure that the work is carried out satisfactorily. The Council will also save money by employing fewer consultants, centralising maintenance functions, reducing staff costs and sharing RBC's Estemaman system. SBC should achieve savings of around £100,000 per year with this arrangement.
- 3.4 A detailed partnering document including terms will be presented to Members for consideration in a future report.
- 3.5 The recommendation is to revise the management structure within Building Services to manage the partnering agreement as follows:

The Principal Building Manager is near retirement age and would like to take flexible retirement from 31 March 2011, reducing his working hours from 37 hours per week to 22.2, resulting in a saving of approximately 20% in salary.

Owing to the additional duties and responsibilities of looking after the Spelthorne property maintenance works as well as his current duties, it is recommended that the Senior Building Services Managers post be supplemented from MMA to MMB. The cost of this supplement can be paid for from the savings obtained from the reduced hours of the Principal Building Manager and will still leave a modest saving.

A further two posts are required to be able to provide the service to Spelthorne, these are; 1 Clerk of Works and 1 Junior Surveyor. (see Financial Implications).

#### 4. Risks

- 4.1 Having a programme of planned maintenance enables a contractor to plan their work and resources ahead. It is difficult to plan for dealing with reactive maintenance.
- 4.2 A major incident may occur where a large amount of the reactive maintenance budget is required to be expended.

#### 5. Council Policy

- 5.1 The Corporate Management Committee on 27 March 2006 approved the Partnership Protocol for North West Surrey Authorities. The Committee considered and approved the endorsement of a proposed protocol to secure enhanced partnership working amongst the Boroughs of Spelthorne, Surrey Heath and Runnymede.
- 5.2 In January 2008, the Committee also considered proposals with a view to developing a new Surrey-wide Local Area Agreement (LAA) and a formal response to the Surrey Strategic Partnership (SSP) consultation exercise on emerging themes and priorities, together with draft governance arrangements for the LAA from April 2008 to 2011.
- 5.3 In November 2008, the Committee approved in principle a joint partnering project with Spelthorne with a further report to be presented when details have been finalised.

#### 6. Financial Implications

- 6.1 Income from Partnering:

It is recommended that the recharges be split as follows:

	RBC	Spelthorne	Recharge to Spelthorne £
Principal Building Manager	50%	50%	31,704
Senior Building Services Manager	50%	50%	27,736
Senior Surveyor	50%	50%	24,380
Junior Surveyor	50%	50%	15,995
Clerk of Works		100%	31,910
Admin charges			8,250
			-----
		Sub-Total	139,975 Income
Less			
Cost relating to appointing Clerk of Work and Junior Surveyor			47,905
			-----
		Total Income	92,070

7. Legal Implications

- 7.1 Under the provision of the Local Authorities (Goods and Services) Act 1970, one local authority may supply goods and/or services to another local authority. The present proposed arrangements would involve a supply by the Council of management services to Spelthorne Borough Council. This would entail managing their planned and reactive maintenance. Thus a legal power exists which would entitle the Council to enter into this proposed arrangement.
- 7.2 Under the arrangement the parties will then have to enter into contracts with private contractors to provide the required services. This could be undertaken either by a joint procurement exercise or by Runnymede undertaking the procurement exercise pursuant to an agreement with Spelthorne and then providing the services to Spelthorne via its contractual arrangements with the private contractors. At the present time, Officers from the Legal Departments of both authorities are finalising the terms of the relevant legal agreements and identifying the appropriate procurement route to follow.

**OFFICERS' RECOMMENDATION that –**

- i) the progress in relation to a planned and reactive maintenance joint partnering agreement with Spelthorne Borough Council be noted;**
- ii) Corporate Management Committee be requested to approve a revised staffing establishment and structure within Building Services, as set out in this report, to facilitate the management of the partnering agreement; and**
- iii) the financial benefits of the partnering agreement be noted.**

**(TO RESOLVE)**

Background Papers

None