

REPORT TO: East Lothian Council

BY: Depute Chief Executive (Partnership & Community Services)

MEETING DATE: 28 March 2017

SUBJECT: Dunbar Grammar School – Procurement of Facilities Management Services for the New Extension

1 PURPOSE

- 1.1 The purpose of this report is to set out the comparison of and seek determination of the options available in respect of the delivery of the facilities management services for the expansion of Dunbar Grammar School.

2 RECOMMENDATIONS

It is recommended that:

- 2.1 the Council enters into a supplementary agreement with the PPP FM Agreement (the Supplemental FM Agreement) in respect of the extension at Dunbar Grammar School to provide the key 'hard' FM services for the extension building, including the planned and reactive maintenance and management service for the building fabric.
- 2.2 Janitorial services are also included in the Supplemental FM Agreement.
- 2.3 delivery of building cleaning services to the new extension is excluded from the Supplemental FM Agreement to enable further assessment of the costs and risks to be carried out.
- 2.4 the Council is responsible for the maintenance of the new all-weather pitch and floodlighting.

3 BACKGROUND

- 3.1 The Council approved the procurement of the extension of Dunbar Grammar School in September 2016 through an expansion of the current PPP Project Agreement. Following questions at the Cabinet meeting of 8 November 2016 as to the future delivery of Facilities Management and LifeCycle Services, it was agreed that despite being an operational matter, a report would be brought to Council for decision.

3.2 This report examines the potential of separating different FM elements of an integrated secondary school extension and compares the future delivery of these elements through the PPP FM agreement with separate provision by the Council.

3.3 Key 'hard' FM systems / planned and reactive repairs to building fabric

3.3.1 On completion of the extension to Dunbar Grammar School, the school will operate as one building. The following systems and plant will be integrated and will serve the whole building: these systems and plant are considered to be key 'hard' FM systems for the purposes of this report:

- Fire detection and alarm system
- Intruder alarm system
- Fire risk assessment
- Boiler plant and heating system, including pressure vessels
- Gas installation
- Ventilation and extract systems
- Water systems, including management control of Legionellosis
- Electrical installation condition report
- Emergency lighting
- Lightning conductors
- CCTV systems
- Lifts and hoists
- Hot water installation
- Kitchen and servery equipment
- The new sprinkler system in the extension will be linked to the school's fire detection system

3.3.2 Option 1: to extend through supplemental agreement the delivery of facilities management arrangements for key 'hard' FM systems and planned and reactive repairs for the new extension through the PPP provider, carried out by FES FM on their behalf

There is a significant and compelling argument that the management of key 'hard' FM systems that relate to life and property protection (as detailed above) are so inextricably linked to the existing facility that it would not be possible to separate them.

There is a statutory requirement to inspect, record, maintain and repair these systems on a regular basis and records of the inspections and any resulting actions must be held on the premises. The responsibility for ensuring compliance with the legislation for the existing Dunbar Grammar School lies with the PPP provider and is carried out by FES FM on their behalf. The current governance arrangements are clear with FES FM being accountable for the safe management of the school under the project agreement.

Due to the integrated nature of the extension, there will be one fire risk assessment and one Head of Establishment for the whole school facility when works are completed.

In respect of the reactive maintenance and management service for building fabric and equipment, the existing PPP contract requires the contractor to respond to breakdowns within specific periods – 2 hours for temporary rectification and 2 days for permanent rectification. This is arranged through a help desk which is managed by FES and this arrangement could extend to the new extension with FES responsible for the reactive maintenance. The unitary charge would then be adjusted to take account of the increase in cost. This service for reactive maintenance is directly linked to the provision of the planned maintenance and management service.

The PPP contract requires the contractor to provide a planned maintenance and lifecycle function designed to minimise breakdown and extend the building's life. A programme of works is prepared and agreed with the Authority in advance and any departure from this requires rectification within a 5-day period. This arrangement could extend to the new extension. The unitary charge would then be adjusted to take account of the additional area to be maintained. Since the planned maintenance service is designed to ensure that the need for reactive maintenance is kept to a minimum, the two are inextricably linked.

3.3.3 Option 2: to separately manage the key 'hard' FM arrangements and planned and reactive repairs for the new extension either directly, or through separate contractual arrangements managed and controlled by the Council

The Council could provide a reactive maintenance and management service for the new extension building through its Contact Centre. Separate management systems and Council staff resource would be required to record, report, oversee, finance and approve the works required. Shared responsibility would require to be agreed for the interface areas between the part of the school maintained through the PPP provider and the new area maintained by the Council. Such a complex arrangement would be difficult to put in place, and would potentially be an area of dispute over liability, requiring legal intervention, resulting in delays to carrying out repairs and the risk of parts of the school being unavailable for use. The responsibility and accountability for the safe management of the school as a whole in terms of health and safety would be unclear. Innovate would also need relief and indemnity to protect it from any detrimental impact and risk arising from the extension being accessed and maintained by a 3rd party contractor.

As with reactive maintenance, the Council could provide a planned, preventative maintenance service for the new extension building through its own Property Services team. Separate management systems and Council staff resource would be required to plan, budget, programme, procure, project manage and approve the works required. Shared responsibility would require to be agreed for the interface areas between the part of the school maintained through the PPP provider and the new area maintained by the Council. It is the opinion of Council officers, however, that such a complex arrangement would be difficult to put in place and would inevitably lead to dispute over liability, potentially leading to legal intervention, resulting in delays to carrying out repairs and the risk of parts of the school being unavailable for use. As

with reactive maintenance, Innovate would also need relief and indemnity to protect it from any detrimental impact and risk arising from the extension being accessed and maintained by a 3rd party contractor.

The current governance arrangements are clear with FES FM being accountable for the safe management of the school under the project agreement. The key 'hard' FM building systems and plant listed in 3.3.1 are required to be integrated to serve the whole of the school building, including the extension and it is not possible to divide the responsibility for their safe management between the Council and the current FM provider, FES FM, or to transfer risk to the PPP provider.

Due to the integrated nature of the extension, there will be one fire risk assessment and one Head of Establishment for the whole school facility when works are completed.

3.3.4 It is the clear opinion of Council officers that, for the integrated facility that the expanded Dunbar Grammar School will become, the maintenance and management of the 'hard' FM systems, with the associated planned and reactive maintenance to building fabric and equipment, should be carried out by FES FM.

3.3.5 In order to ensure value for money for the Council in the delivery of the key 'hard' FM operational and maintenance services for the extension to Dunbar Grammar School, FES FM costs have been benchmarked with the Scottish Futures Trust Service Level Specification costs. The benchmarked cost for the expansion element is approximately 75% of the delivery costs for the current school which reflects the proportionate efficiencies which derive from the standard of the new build construction. Although not capable of being directly market tested, this efficiency saving compares favourably in cost terms through SFT indicators with a stand-alone alternative and demonstrates value for money.

3.4 Janitorial Services

3.4.1 Janitors provide a daily service assisting the smooth operation of the school. They are specifically responsible for the following:

Building security:

- ensuring that no unauthorised persons gain access to the buildings
- managing the security of all entrance and exit doors to the school
- setting the security alarms and ensuring that all persons have vacated the facilities
- providing out-of-hours security and key holder response
- moving furniture and equipment within the school as requested
- setting out and re-organising furniture as requested
- general portering service within the school including managing deliveries and distribution

3.4.2 In practice, it would be impractical to have a separate janitorial service for the new extension. The services described above are required across the whole school, and, were there to be a third party retained to provide a janitorial service for the extension on its own, accountable to separate management, responsibilities and liabilities would be unclear. For security arrangements, in particular, this arrangement would be unacceptable.

3.4.3 FES FM has advised that they have assessed the impact of the extension and confirmed that they can cover the new extension with no increase in janitorial resource and therefore **no** additional FM charge will be incurred.

3.5 Building Cleaning

Cleaning services for Dunbar Grammar School are carried out by FES FM under the original PPP contract. Costs have been provided by both FES FM and the Council's Facilities Management Service and, based on a cleaning service being required for 42 weeks per annum, it may be more cost effective for the extension to be cleaned by the Council. However, this will need to be confirmed through more detailed cost analysis to ensure a robust comparison is made based on the PPP project agreement. Other factors require consideration including the need to indemnify Innovate against any risk arising from the extension being accessed by a 3rd party contractor which would require the Council to liaise with FES FM to agree suitable access and security arrangements for cleaners. It is recommended meantime, that the delivery of building cleaning to the new extension is excluded from the FES FM Services contract.

3.6 Maintenance of the New, Floodlit 2G Pitch

3.6.1 There is no provision within the current PPP contract for the maintenance of a new, floodlit 2G pitch within the Dunbar Grammar School campus. Indicative costs have been provided by both FES FM and Allsports, the Council's framework contractor for all-weather pitch maintenance, and whilst some assumptions on the scale and intensity of use have had to be made, it is likely that it will be more cost effective for the pitch to be maintained by Allsports, as it will benefit from being part of the Council's larger contract. This will be confirmed through further more detailed cost analysis and meantime it is recommended that the maintenance of the new 2G pitch is excluded from the FES FM Services contract.

3.6.2 It is anticipated that the new pitch may also be available for use by the community, together with the changing facilities within the school building. It is recommended that the booking arrangements for the community use of the new all-weather pitch be provided by FES FM, who are responsible for access as part of their janitorial service. Whilst no third party income from the use of the pitch would accrue to the PPP provider, payment for any janitorial hours that may arise additional to the current PPP contract arrangement would need to be made.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – Revenue cost: additional revenue costs for the services described in this report together with staffing, catering, utility costs, maintenance of IT and school resources will be incurred on completion of the expansion of the school. The additional revenue implications of this report will require to be accommodated within future revenue budgets.

6.2 Personnel - The expanded school will have a requirement for additional teaching and non-teaching staff.

6.3 Other – none

7 BACKGROUND PAPERS

8.1 Members Library Report: Ref 185/16 PPP Project – Procurement of Phase 2 of Dunbar Grammar School's Expansion Project

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