

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

19 MARCH 2019

REPORT OF THE INTERIM CHIEF EXECUTIVE

SUSPENSION OF CONTRACT PROCEDURE RULES AND AWARD OF CONTRACTS IN RESPECT OF THE CORPORATE LANDLORD SERVICE

1. Purpose of Report

The purpose of the report is to:

- Seek approval to award a contract with regard to interim management arrangements and consultancy support for the Corporate Landlord Service within the Communities Directorate;
- Suspend the relevant parts of the Council's Contract Procedure Rules [CPRs] in respect of the requirement to re-tender the current contracts that have been procured for these services;
- Authorise the Interim Chief Executive to enter into contracts with the existing provider for a further period of eighteen months under revised terms.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The renewal of short term contracts in the Corporate Landlord Service supports the delivery of Corporate Priorities of:

- Supporting a successful economy
- Smarter use of Resources
- Helping people to be more self-reliant

In particular it will help successfully deliver the savings target in the Medium Term Financial strategy of £ 350,000 for 2020/21 and ensure the full implementation and establishment of the Corporate Landlord model across the whole of the Council's estate as part of a managed transformation programme.

3. Background

3.1 Peopletoo Limited have been working in partnership with the Council over the last 18 months to transform Built Environment services, and help the Council move towards an integrated Corporate Landlord service. The Council continues to have to balance achieving its corporate priorities and meeting the needs of the community against on-going financial challenges, and consequently has to consider what further efficiencies and savings could be made through the Corporate Landlord service, ideally without reducing frontline services or negatively impacting on social value.

3.2 The Council and Peopletoo have successfully worked together over the last eighteen months to achieve measurable improvements. The Council now

has a single integrated team responsible for all property related requirements. Annual savings of circa £500,000 have already been achieved, along with significant added value and avoided cost. Quality improvements have been made across the board, including a noticeable improvement on asset compliance and customer satisfaction. The Council is able to demonstrate therefore a strong return on investment since Peopletoo were originally commissioned on a consultancy basis through a competitive procurement process.

- 3.3 In addition the Council has also separately procured Peopletoo through a competitive procurement process to provide an Interim Manager for the Corporate Landlord service for the last 14 months. The Interim Manager now has a good understanding of the service, the wider Council and the key risks and issues within the service.
- 3.4 The Council has attempted on three separate occasions to appoint a permanent replacement for the Interim Manager but has been unable to successfully make an appointment of someone of the right calibre and senior manager leadership skills. The contract period for the consultancy service from Peopletoo has now ended and the contract for the Interim Management position is also due to have been concluded, but without identifying a viable alternative solution there is a serious risk of leaving the Corporate Landlord service without senior leadership at a time when there remain many financial and operational challenges. This is compounded further following the recent Communities Directorate Senior Management restructure with the resulting loss of one Head of Service post and the current Corporate Director Communities appointed to the Interim Chief Executive role. This has further reduced the level of senior management support available to the Corporate Landlord service. There is a risk therefore that the loss of continuity of senior management support in the Corporate Landlord service may prevent the delivery of further savings identified in the MTFS and indeed the service may even take a step backwards and undo some of the investment in positive change over the last eighteen months.

4. Current Situation / Proposal

- 4.1 The proposal therefore is to build on the strong platform that has been established to drive further efficiencies and launch additional improvement projects. Peopletoo would be appointed for up to a further eighteen month period to manage implementation and take accountability for the delivery of these new initiatives, working closely with existing teams, to secure the financial and performance outcomes required, in addition to taking over direct management for the service area for this period, through the provision of an Interim Manager and any other support required, essentially a fixed term management service solution. At the end of this period the Council will receive a stable, strong service and have delivered the additional significant savings. An important part of the new commission would be that a full time permanent Corporate Landlord Manager is appointed before the end of the Peopletoo commission to ensure a smooth transition period. The proposal would also have the benefit of freeing up other senior management resource to other corporate priorities during a period where the Council is facing some uncertainty due to the interim nature of some its senior management posts.

- 4.2 The detail of the new contract combining interim management with consultancy support would be on the basis of Peopletoo guaranteeing delivery of savings in excess of those identified in the MTFS. These could come from a number of areas but are likely to be focused on a shift to planned preventative maintenance, improved procurement and commissioning of services, soft facilities management efficiencies, better use of technology, improved productivity and potentially further energy savings. Peopletoo believe there is significant scope for further financial improvement, albeit further work will be required to ascertain the cashability of the savings. Peopletoo have committed however to underwrite a minimum £500,000 net cashable saving if the Council chooses to pursue this commission. This level of commitment to financial savings will ensure that the £350,000 currently identified in the MTFS for 2020/21 will be more than adequately covered and potentially offer opportunities for further savings to be identified.
- 4.3 On balance Peopletoo's knowledge of the service and working relationship with the Council and the specialist nature of the services required, means that an open competitive procurement or an appointment from the relevant framework would not be suitable in these circumstances. This will therefore require suspension of the relevant Contract Procedure rules to allow Peopletoo to be appointed. If Cabinet is content in principle with this proposal it will be translated into a clear specification with agreed deliverables and timescales.
- 4.4 Cabinet needs to be aware that by entering into these short-term contracts with the Peopletoo, the Council is exposed to the risk of potential challenge from other providers of such services.

5. Effect upon Policy Framework & Procedure Rules

- 5.1 This report is requesting a suspension of the Council's CPRs, but no amendment to the CPRs is being sought.

6. Equality Impact Assessment

- 6.1 There are no equality implications arising from this report

7. Financial Implications

- 7.1 The total cost payable to Peopletoo for the proposed new eighteen month contract period would be between £300-350,000. However, it is important to note that at the end of this period the Council would be benefitting from an additional £500,000 per annum revenue savings. In addition it will have avoided salary costs of over £100,000. The net cost from this transformational proposal is therefore a positive; that is the Council is not paying out any more than it is saving each year and will always be in positive cashflow as the project will have saved more than it cost.
- 7.2 It is proposed that Peopletoo will be commissioned using change management reserve funding, linked to identified MTFS savings, and subject to Cabinet approval of this report a business case submission will be made to Corporate Management Board for approval on that basis.

8. Recommendation

8.1 It is recommended that Cabinet:

- Suspend the relevant parts of the Council's CPRs in respect of the requirement to re-tender the contracts for Interim Management and consultancy support for the Corporate Landlord service;
- Authorise the Interim Chief Executive to enter into the contract with Peopletoo for a further eighteen month period

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Background Documents:

None