

SERVICE LEADERSHIP TEAM

24TH JUNE 2021

REPORT OF THE ESTATES MANAGER

NEFRA PFI - REMOVAL OF LOOSE FF&E FROM CONTRACT

1. SYNOPSIS

- 1.1 Removal of the Loose FF&E element from the NEFRA PFI contract would realise £1,780,947 savings over the remainder of the contract which equates to £118,729 per annum from the annual Unitary Charge and would be indexed linked for the next 15 years.
- 1.2 This saving is broken down by Authority which equates to
- NFRS £79,471 per annum (£1,192,065 for remainder of contract)
 - DDFRS £26,380 per annum (£395,700 for remainder of contract)
 - TEFRS £12,878 per annum (£193,170 for remainder of contract)
- 1.3 If the responsibility and risk of the loose FF&E is accepted by NFRS, a reserve fund is to be setup to cover repairs/maintenance/replacements for the remainder of the contract. In order to manage the volume of repairs it is proposed that a service level agreement be agreed with RFM outside of the PFI contract.
- 1.4 In order to build a reserve to cover current and future requirements it is proposed that £30k per annum be allocated for loose FF&E at West Hartford and Pegswood.
- 1.5 Therefore it is proposed that a saving of £49,471 per annum be achievable once £30k reserve fund taken into account.

2. IMPLICATIONS

Policy: No implications

Financial:

A reduction in total PFI unitary charge by £118,729 per year indexed linked for the remainder of the contract (2035) for the whole of NEFRA.

Legal fees £20k due to CSS and lender legal fees.

Year 1

- UC reduction £118k
- Minus £20k legal fees
- Saving of £98k

NFRS share is £79k - £10k share of legal fees = £69k

NFRS reserve fund contribution £30k

Actual year 1 saving **£39k**

Year 2 - 14

UC reduction £118k (indexed linked)

NFRS share is £79k

NFRS reserve fund contribution £30k

Actual year 2-14 saving **£49k** (£735k remainder of contract)

Service level agreement with Robertsons Facilities Management (RFM) to deliver repairs/maintenance/replacement on an 'as and when required' basis. Of the £30k it is estimated the normal annual cost of repair/maintenance/replacement would be circa £20k and the remaining £10k to go into reserve to cover bigger ticket items in coming years, although would need to be continually reviewed.

Proposed reserve fund deposit of £10k per annum plus any underspend from the £20k maintenance budget to cover larger lifecycle replacements in future years e.g. gym equipment.

Personnel:

Proposed defect reporting mailbox that would be monitored by the Estates Manager/FSS and actioned by RFM. Budget for repairs and maintenance to be managed by Estates Manager.

Utilisation of RFM staff for repairs and inspections – SLA to be agreed, either on a retainer basis or per item cost.

Property:

Storage facility for off the shelf regularly replaced items to be identified. Investigate potential in stores or mezzanine level in appliance bay.

Health & Safety:

Ensure existing inspection regime is continued for all equipment to identify any failures/risks early.

Risk Assessment: To follow.

Crime & Disorder: No Implications

Equalities: No implications

3. CONSULTATIONS

- 3.1 - Other FRS's within NEFRA
 - RFM potential to pick up repair/maintenance SLA
 - CSS
 - NCC Finance Alan Mason, Natalie McDermott, Andy Stewart to confirm slush fund arrangements.

4. RECOMMENDATIONS

- 4.1 NEFRA take back loose FF&E from PFI contract and manage internally through an SLA with RFM, to realise savings circa £49k per annum after year 1.
- 4.2 A reserve fund be setup to accumulate funds for future larger loose FF&E costs.

5. BACKGROUND

- 5.1 During 2018/19, the PFI facilities management company (Carillion) went into administration. As part of the appointment of the replacement FM contractor (Robertsons), CSS raised the potential of NEFRA managing the loose FF&E element of the contract. A consideration was given by the regional Authority's, however the limited time and protracted legal process to appoint RFM meant it was not possible to cover both items at the same time and was subsequently put on hold. To carry our as a separate legal matter attracted circa £20k legal costs and there was no appetite for this regionally at the time.

6. CONTACT OFFICER(S)

This report has been prepared by Phil Barry Estates Manager & NEFRA project lead.

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