

Date Issued: 13 May 2022

**Item: Mechanical and Electrical Maintenance Services
Contract Extension**

This paper will be published once the decision has been made.

1 Summary

- 1.1 The purpose of this paper is to seek approval for additional Procurement Authority for the award of a contract extension for the provision of mechanical and electrical maintenance services across the TfL estate.
- 1.2 The appendix to this paper contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972, in that it contains information relating to the business affairs of TfL.
- 1.3 This paper seeks authority through Chair's Action as a decision is required before the next scheduled meeting of the Committee in June 2022.
- 1.4 The Members of the Committee are asked to consider the proposal and provide Anne McMeel, as Chair of the Committee, with their views on or before 5.00pm on Tuesday 17 May 2022. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

2 Recommendations

- 2.1 **The Chair of the Committee, in consultation with available Members, is asked to note the paper and the exempt appendix and grant additional Procurement Authority, in the sum set out in the exempt appendix, for the extension of a contract for the supply of mechanical and electrical maintenance services across the TfL estate.**

3 Background

- 3.1 We have a contract for the provision of mechanical and electrical services across the TfL estate including London Underground (LU) stations, depots and substations and the Tunnelling and Underground Construction Academy including the LU Crossrail locations. The mechanical and electrical maintenance services comprise:
 - a) planned and reactive maintenance of mechanical systems (e.g. heating and air conditioning) and assets (e.g. tunnel ventilation, smoke pressurisations fans etc.);

- b) planned and reactive maintenance of electrical systems (e.g. lighting systems, low voltage electrics etc.) and assets (e.g. uninterrupted power supplies); and
 - c) remedial works and asset replacement arising from maintenance services.
- 3.2 The supplier is Engie Services Limited and the contract was awarded following full competition in 2017 for an initial period of five years to 24 June 2022, with an option for TfL to extend for up to 36 months (the Contract).
- 3.3 It is proposed to exercise the option to extend the Contract for 15 months only to 24 September 2023.
- 3.4 The recommended extension represents the shortest that will facilitate delivery of the current procurement programme, including a re-tender of the mechanical and electrical maintenance services for a new contract commencement on 25 September 2023.
- 3.5 This extension will facilitate significant value enhancement to the mechanical and electrical services scope to be procured in the form of asset data gathering, reactive and planned maintenance, process efficiency improvement and rationalising of the maintenance schedule to reduce cost of current and future contracts.
- 3.5 The proposed approach represents the best value for money for TfL in the current market despite including a modest baseline increase to the target cost to take account of market salary increases, additional core team resources to facilitate recruitment and retention of critical competency staff, better cost control and forecasting in delivery of the services and increase reactive labour resource to facilitate the increase in reactive fault levels.
- 3.6 LU's Asset Performance and Capital Delivery Directorate will undertake a review of internal direct labour resources and electrical resources with the intention of reducing the contract scope and associated cost within the first six months of the proposed extension.
- 3.7 A number of significant areas have been identified for improvement that TfL can be productively undertaking during the re-procurement programme. TfL has identified six areas where practical efforts will be focused with Engie to drive improvement during the period of the extension:
- a) Relationship Building – focused contract management;
 - b) Reactive Maintenance - improved process;
 - c) Remedial Works - improved process;
 - d) Make / Buy – optimum blend;
 - e) Cost Management – better data to inform asset management; and
 - f) Compliance – improved process for higher compliance levels.
- 3.8 The duration of the proposed extension is 15 months and the Contract allows TfL unilaterally to terminate at three months' notice at any time. A shorter extension would not facilitate the mobilisation of a new contract incorporating the efficiency and process benefits of the new contract scope and asset data or the six areas for improvement referred to above.

- 3.9 The Contract includes a suite of key performance indicators to monitor service deliverables including planned maintenance to programme, reactive maintenance to service level agreement and the compliance of delivered works to the required technical quality and specification.
- 3.10 The total cumulative Procurement Authority sought for the extended Contract is within the values anticipated in the procurement process under which the Contract was let.
- 3.11 This request falls within the managed decline scenario and relates to business as usual protection of safety critical assets. These works preserve the day to day safety of our services. Mechanical and electrical maintenance services are essential in ensuring we protect both TfL assets and TfL people and customers ensuring safety standards.

List of appendices to this report:

An appendix that contains supplementary information that is exempt from publication.

List of Background Papers:

13 March 2017 Finance Committee paper - One Facilities Management Services Procurement: Approval of Award of Contracts

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