

Committee: Delegated Officer Key Decision

Date: 16 March 2018

Wards: All

Subject: Award of Mechanical and Electrical Repairs and Maintenance Term Contract

Lead officer: Mark Humphries – Assistant Director Infrastructure & Transactions

Lead member: Councillor Mark Allison

Contact officer: Edwin O'Donnell – Head of Facilities Management

Exempt report

Appendix 1 of this report is exempt from disclosure by virtue of Part 4B, Paragraph 10.4 and Category 3 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

Recommendations:

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1. Award a Mechanical & Electrical Repairs & Maintenance term contract to Tenderer A for a 3 year period from 1st April 2018 to 31st March 2021 with an option to extend for a further 2 years on a 1+1 basis at the discretion of the employer. Based upon an annual cost of £346,408.38, the potential overall value of the contract over 5 years would be £1,732,041.9
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To seek approval to award a new Mechanical & Electrical (M&E) repairs and maintenance term contract to the best value bidder, Tenderer A, following competitive tender utilising the LHC framework to appoint contractors for a 3 year period from 1st April 2018 to 31st March 2021 with an option to extend for a further 2 years on a 1+1 basis at the discretion of the employer.
- 1.2. In response to an invitation to tender via the LHC framework on the London Tender Portal 4 companies were invited to tender. Only 1 compliant tender has been received by a supplier who is considered capable of meeting the contract requirements. Evaluation of bids has been based upon a weighting of price 70%: quality 30%. Tenderer A is therefore recommended to be accepted.
- 1.3.

CONTRACTOR	PRICING SCORE	QUALITY SCORE	TOTAL SCORE (%)
Tenderer A	700/700	257/300	96%
Tenderer B		Did not respond	
Tenderer C		Did not respond	
Tenderer D		Did not respond	

2 DETAILS

- 2.1. The current Term Contract for Mechanical & Electrical Repairs & Maintenance works expired on 31st January 2017 and was, as allowed under the terms of the original tender, extended for a further year until 31st January 2018.
- 2.2. The Council intended to extend the contract with the incumbent supplier, Apleona HSG limited, for a final year. However, due to a fundamental review of the supplier's business model, they informed the Council in December 2017 that they intended to terminate the contract at the end of January 2018. Subsequently, a short term extension was agreed until 31st March 2018 to allow the Council to maintain service provision and retender services.
- 2.3. The current contract with Apleona is for the provision of planned and reactive maintenance works within the council's 110 operational buildings, on both electrical and mechanical services, including the provision for a 24 hour emergency call out service and the inclusion of a number of specialist works (including lift, fire and intruder alarm maintenance).

3 ALTERNATIVE OPTIONS

- 3.1. A number of options were considered during a review of Mechanical & Electrical service provision in 2017. These included a repeat of the existing single contractor model; a multiple contractor option awarding each service element directly to trade specific contractors; and the favoured prime contractor model. This approach will appoint one contractor to carry out the bulk of core services and seek to offer smaller value, specialist services directly to trade contractors. This approach will provide a good a balance between value for money and flexibility and responsiveness of service.

4 CONSULTATION UNDERTAKEN OR PROPOSED

The Facilities Management Team developed a procurement strategy based upon the options outlined above in consultation with Commercial Services during 2017 that was endorsed by the Council's Procurement Board in June 2017.

5 TIMETABLE

5.1.

- Options analysis undertaken with procurement – Summer 2017.
- Review options in light of supplier termination notice – December 2017
- Produce specification for core contract and identify suitable framework – January 2018
- ITT issued – 8th February 2018
- Tender returns – 28th February 2018
- Evaluation of tenders, internal authorisation and approvals process – 16th March 2018
- Formal Appointment – 21st March 2018
- Contract Start – 1st April 2018

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. The contract must be awarded to a company with relevant expertise, industry accreditation and required insurance indemnity with a record of performance and delivery. The tender and evaluation process has resulted in a single compliant bid from a supplier with a proven background of delivering similar public sector contracts.

6.2. The total building repairs and maintenance revenue budget in 2018 is £1,024,000. The M&E elements of work within this contract make up a major part of the expenditure and award of this contract can be contained within existing budgets.

6.3. The Planned Preventive Maintenance covered by this contract is currently covered by the contract with Apleona. The annual revenue cost of the current service is circa £350,000. This is based upon a tender in 2013 priced against National Schedule of Rates (NSR) for M&E services. At that time, in different market conditions, two compliant bids were received with the successful tender offering adjustments in the rates of between -5 and -16% against different items. The contract also allowed for an annual inflation increase based upon BERR Construction Price & Cost indices.

6.4. The retendered service is for a core Prime Contractor model, excluding a number of specialist works where alternative contractual solutions are being progressed. The core price excluded water hygiene but this element has been included as an option, which it is now recommended to include within the new contract. The prices are based upon NSR with no adjustments. With an annual cost of £346,408.38, the potential overall value of the contract over 5 years would be £1,732,041.9.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. The procurement was carried out by way of calling off a framework agreement and so is compliant with the Public Contract Regulations 2015. However, as the split was 70% price and 30% quality there will need to be robust contract management to assure that the successful bidder meets the standards required to ensure the Council satisfies its statutory obligations.

- 7.2. This contract is critical to ensuring that the Council is able to fulfil its statutory obligations with the supplier undertaking a range of servicing and certification in a number of statutory areas including gas, water and electrical safety.
- 7.3. There would be a significant risk of non-compliance and serious safety concerns if an immediate replacement contract is not in place upon expiry of the existing Apleona arrangement.
- 7.4. There are TUPE implications for staff working on the Apleona contract who will be eligible to transfer to the new supplier.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

Considered, but none identified.

9 CRIME AND DISORDER IMPLICATIONS

Considered, but none identified.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. In delivering the statutory obligations above, the successful contractor will carry on the Council's behalf safety work and inspections throughout the property portfolio. The successful company is registered as compliant with CHAS (Contractors Health & Safety Assessment Scheme) and has appropriate recognised accreditations (e.g. Gas Safe).
- 10.2. The recommended supplier has received HSE improvement notices in the past but has demonstrated improvements deemed satisfactory. There is a current business continuity plan and arrangements in place and evidence of testing should be obtained early in the contract term.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Tender Analysis Report – appendix 1

12 BACKGROUND PAPERS

- 12.1. None